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Smog Over East Asia: An Ominous Symbol Of Rapid Development

By Michael Richardson
International Herald Tribune

SINGAPORE — Boomtime East Asia has gotten a whiff of the future — and it is arid and dark.

A pall of smog has descended over Singapore and much of Malaysia in recent weeks. It is the latest sign of a spreading epidemic of pollution that is eroding the quality of life in many parts

When Zahara Yusoff, vice principal of the Opera Estate primary school in Singapore, saw the gray haze in the school yard the other day, she took additional precautionary measures.

"Since Monday, all our physical education lessons have been held indoors," she said.

The onset of the annual rainy season, which is due in October or November, will eventually douse the fires. But without better controls, they are likely to recur in the 1995 dry season.

Indonesia and Singapore agreed Thursday to coordinate action against future forest fires but said there was little they could do to combat the fire-induced haze currently plaguing both countries as well as Malaysia. Reuters reported from Jakarta.

Goh Chok Tong, Singapore's prime minister, said after signing two trade agreements in the Indonesian city that he had agreed in talks with President Suharto that ministers from the two countries should meet on the issue.

Officials from Singapore and Malaysia will meet next week to discuss the problem.

The Singapore government has formed an interministry task force to prepare measures to protect public health if the smog gets worse.

Law Hieng Ding, Malaysia's environment minister, said that his ministry would recommend that the government impose mandatory cuts on industrial fuel burning, reduce the number of vehicles on the road, close schools and declare public holidays if the pollution became more intense.

He said Wednesday that Malaysia wanted Indonesia to be more forthcoming about its forest fires but had yet to receive any information from the Jakarta authorities.

In an editorial, the newspaper The

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Late Compromise Expected In U.S.-Japan Trade Talks

By Steven Brill
International Herald Tribune

TOKYO — Japanese and U.S. negotiators appear likely to strike a last-minute compromise in trade talks by the Friday deadline that would allow both nations to declare a partial victory, avoid the imposition of serious sanctions against Japan, and maintain stability in financial markets.

But such an agreement, typical of others reached with Japan over decades would more accurately represent a failure by Washington to obtain a results-oriented agreement and a victory of sorts for Japan.

It would also work against the interests of free trade and deregulation in Japan, insofar as it endorsed a strengthened role for the Japanese government in determining market outcomes. Asian and European nations would inevitably suffer discrimination.

"An agreement based on fuzzy language would be a victory for Japan and a defeat for the United States," said Kazuo Ueda, a professor of economics at Tokyo University.

The outcome of the talks will not be known until midnight Friday, after which Washington has threatened to impose punitive tariffs. Until then, both sides are playing tough.

Mickey Kantor, the U.S. trade representative, said Wednesday that Washington "won't accept anything less" than "real, substantial, concrete, tangible agreements." Foreign Minister Yohei Kono of

Japan is firm that Tokyo will not commit to an increase in American imports.

Despite the rhetoric, analysts say powerful forces are pushing both nations to compromise after 15 months of arduous negotiations.

For one, leaders of both nations are anxious to avoid a repeat of last February's rupture, when President Bill Clinton and Morihiro Hosokawa, then Japan's prime minister, failed to agree at their summit meeting in Washington. That helped send the yen soaring. Its almost 14 percent rise so far this year has delayed Japan's economic recovery and increased U.S. inflationary pressures.

President Clinton also wants a victory before the midterm elections in November. He also needs to show his resolve on trade before Congress votes next week on legislation to apply the Uruguay Round of the General Agreement on Tariffs and Trade.

For his part, Prime Minister Tomiichi Murayama, the Socialist leader of the unwieldy coalition dominated by the Liberal Democrats, is keen to display finesse in negotiations that broke down under the stewardship of Mr. Hosokawa, now a member of the opposition.

The risk remains large that neither the United States nor Japan will back off. If the two sides fail to reach agreement on government procurement, U.S. law requires Washington to respond with sanctions, although their imposition would be delayed by at least a month. In other

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Delhi Shuts Schools to Ward Off Plague

Compiled by Our Staff From Dispatches

NEW DELHI — Authorities on Thursday ordered New Delhi's schools and movie theaters to close to try to prevent the spread of plague, as cases continued to rise nationwide. The epidemic has already spread farther than the last major outbreak nearly three years ago, but government urged citizens and foreign nations not to panic, fearing the outbreak was under control.

Many foreign governments have taken steps to guard against the sickness — advising against travel to India and screening or even barring travelers and cargo from India. (Page 6)

The official death toll in Surat, where the outbreak began on Sept. 20, has risen to 54. Unofficial estimates put the number

of dead at 300. Cases have been found hundreds of kilometers away, in Delhi, Calcutta and Bombay.

The Delhi chief minister, Madan Lal Khurana, ordered the city's schools to be shut until Oct. 15. The closure came after 18 of 47 suspected plague victims quarantined in the capital were confirmed to have the disease.

The city's movie theaters were ordered to close until further notice, a city official said. The closures were aimed at reducing public contact in the capital, which has a population of 9 million people. Pneumonic plague is highly contagious and can spread between humans through coughing or spitting. It can be fatal if not treated promptly.

An outbreak of the less-lethal bubonic plague east of Bombay last week, closely followed by the onset of pneumonic plague in Surat, has put nearly 1,500 people in isolation wards.

Almost all of the sufferers were responding favorably to treatment, health officials say. During the 1940s and early 1950s, plague killed thousands of Indians each year. But by 1966, when the last death was recorded, the plague had virtually disappeared until the Surat outbreak.

The Indian government's decision to close schools and theaters underscored the

anxiety that the plague outbreak has started throughout India and abroad. The World Health Organization's representative in India, Dr. N. K. Shah, was quoted by the Press Trust of India news agency as saying he expected the country to be free of the plague within three weeks, provided there were no other major outbreaks.

The Indian Foreign Ministry, clearly irritated by warnings and actions taken by some foreign governments, sent a statement to embassies saying, "The situation is well under control and there is absolutely no reason for panic."

The statement said India had adequate supplies of medicine, and that both the bubonic and pneumonic outbreaks were under control. "Please impress upon your concerned authorities that every Indian traveler is not a plague carrier and, thus, rampant screening of Indians landing abroad should preferably be avoided," the statement said.

The ministry said a decision by Gulf states to suspend flights to and from India was not warranted. "It does not seem that the countries concerned had the benefit of prior consultations with the Indian Ministry of Health," it said. "Suspension of flights would only spread false alarms."

Kiosk

UN Votes to Lift Haiti Sanctions

UNITED NATIONS, New York (Reuters) — The Security Council on Thursday lifted fuel, trade and arms sanctions against Haiti, beginning the morning after President Jean-Bertrand Aristide returns from exile.

In Port-au-Prince, meanwhile, at least five Haitians were killed and several dozen wounded after a grenade was thrown into a crowd protesting against the junta. (Page 3)

Book Review Page 11.
Bridge Page 11.

Dow Jones	Down	Trib Index	Down
23.55		0.01%	
3854.63		115.39	

The Dollar	Thru close	previous close
DM	1.5487	1.5528
Pound	1.5782	1.5746
Yen	98.60	99.00
FF	5.2853	5.2865

American history that its park was intended to portray.

Local opponents declared that the 400-acre (160-hectare) park and related hotels and golf course 35 miles southwest of Washington would cause air pollution, traffic jams, urban sprawl and serious damage to unprotected Civil War battlefields.

Those who backed Disney noted that the major battlefields at Manassas were already protected within a national park. The land Disney wanted to develop had been used primarily as staging areas or transit points by Confederate and Union troops, and before them, Indians.

The uproar over the proposed park was one of several issues that have shaken Disney this year. The company's Euro Disney theme park outside Paris has been unprofitable and recently had to cut operating costs sharply to compensate for decreased attendance.

The public, and embarrassingly acrimonious, split between Disney's chair-

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Disney Packs Up Muskets At Civil War Battlefield

By Michael D. Shear and Martha Hamilton
Washington Post Service

WASHINGTON — In a surprising retreat, the Walt Disney Co. has scratched a site near Civil War battlefields in the Virginia countryside as the location for its third North American theme park, drawing praise from historians and preservationists.

But business and political leaders in the area worried that the park's loss would be a severe economic blow to the region.

"I'm very happy. It's good news," said James McPherson, a Civil War specialist from Princeton University who has helped lead the fight against Disney's America, proposed for a site less than five miles (eight kilometers) from the Manassas battlefield.

The Disney proposal proved controversial from the start, not only because local residents objected but also because historians argued that Disney would inevitably trivialize the major themes in

Ferry Probe Hunts Design Flaws

By Richard W. Stevenson
New York Times Service

STOCKHOLM — A day after the ferry Estonia went down in a Baltic Sea storm, killing more than 800 people, the ship's owner said Thursday that it believed the sinking had resulted from water rushing into the hold, but was unsure where and how the breach had occurred.

As Sweden, Estonia and Finland absorbed the shock of Europe's worst maritime disaster since World War II, the authorities gave up hope of finding anyone else alive in the frigid water where the ferry capsized and sank in only minutes early Wednesday.

One Swedish town, Norrkoping, lost 56 elderly residents who had seen the trip as a fun-filled cruise, and the Stockholm police force lost 60 civilian employees who had been attending a training session.

As more survivors told of the doomed ship's last minutes, of stepping over wailing children in a scramble to get out of failed and successful acts of heroism, government officials and industry executives turned Thursday to what had gone wrong.

Among the issues that officials said would be examined were the ferry's design,

the Estonian crew's handling of the ship and the adequacy of safety inspections.

particularly in Estonia, which has had to

set up a maritime administration from scratch in the last few years.

Sten-Crister Forsberg, the technical director for Nordstrom & Thulin, the Swedish partner in a joint venture with the Estonian state that operated the ferry, said all reports so far suggested that there had been large-scale flooding of the hold.

Although he said there was not yet any specific evidence, Mr. Forsberg said there might have been a failure or design problem in the bow doors, through which cars and trucks were loaded onto the ship.

"That particular possibility will be very thoroughly examined," he said.

But he said he would rule out a failure of

the rubber seals surrounding the doors. Swedish inspectors noted wear and tear on the seals Tuesday before the ferry left the Estonian capital, Tallinn, for Stockholm.

Mr. Forsberg said that the seals had been within safe limits and that the ferry had been in excellent condition overall.

"The ship was very well-equipped, fulfilling all national and international rules with a very competent crew," he said.

Officials said one of the vessel's two captains, Alvo Piht, an Estonian, was among the 140 confirmed survivors. They said that he was believed to be in a hospital

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Mats Finnanger landing in Oslo on Thursday after surviving the sinking. His father and a sister most likely died.

NATO Backs Tougher Air Strikes on Serbs

By Joseph Fitchett
International Herald Tribune

Seeking fresh diplomatic momentum after a threat to lift the embargo on arms to the Bosnian Muslims was postponed, the Clinton administration persuaded NATO on Thursday to authorize tougher use of air power to punish Bosnian Serbian attacks on peacekeeping units.

The alliance is now authorized to respond promptly and without warning to violations and provocations and to attack multiple targets.

"We're not launching all-out air war,"

one senior American official said. "But it's going to be more than the current tit-for-tat retaliation."

The British defense secretary, Malcolm Rifkind, said there would "be no more pinpricks."

The North Atlantic Treaty Organization's readiness for broader reprisal tactics will not automatically lead to tougher action, because allied warplanes need UN approval for any combat mission.

"It's one thing for NATO to be ready and willing, but the reality is that UN commanders on the ground have not been

enthusiastic about ordering up air strikes," an American official said.

But other officials said that every time

NATO's rhetoric had become more menacing, the military pressure had increased on the Bosnian Serbs, with localized success in most cases when Western military force has been applied.

The U.S. defense secretary, William J. Perry, said earlier that "compelling force" should be applied to keep heavy weapons out of range of Sarajevo and other Bosnian cities, and he complained that United Nations

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On Thursday, Prime Minister Mart Laar of Estonia compared the sinking of the 15,566-ton ferry to the Titanic disaster.

Like the Titanic, he said, the Estonia was a vessel simply assumed to be "not possible to sink."

Among those reeling in shock from the disaster were officials of Estline, the ship's owners. At a news conference here Thursday evening, Estline's traffic director, Carl-Gustaf Akerblom, again revised upward his figures for the number of people on board the Estonia when the ship went down. There were 982 on board, he said, including a crew of 191. He blamed uncertainty over the figure on staff stress.

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Good Intentions, Unresolved Issues

Summit Partners Make Clear Their Desire to Trim Arsenals

By Thomas W. Lippman
Washington Post Service

WASHINGTON — The security agreements announced by Presidents Bill Clinton and Boris N. Yeltsin will accelerate the shrinkage of both nations' nuclear arsenals and promise a Moscow-Washington partnership.

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ship in coming arms negotiations, but they also leave difficult issues unresolved.

Russia and the United States are now in a position where they have agreed to reduce their arsenals further, have committed themselves to share information that used to be among the world's deepest secrets and have said they will work together to prevent nuclear freebooting in the rest of the world. But they are still far from agreement on exactly how these goals will be reached, administration officials and independent analysts said.

For example, administration officials said nothing agreed to at the summit meeting would accelerate Russia's fulfillment of an earlier agreement to stop operating three nuclear reactors that still produce plutonium usable in nuclear weapons.

Nor did the two leaders make an effort to reach agreement on how to define a defense against short- and intermediate-range missiles that would comply with the 1972 Anti-Ballistic Missile Treaty. Mr. Clinton and Mr. Yeltsin settled for an agreement to instruct subordinates to resolve this issue "in the shortest possible time."

In the biggest surprise of the summit meeting, the two presidents agreed that once the START-1 arms-reduction treaty was in effect and the START-2 treaty ratified, they would remove enough nuclear missiles from active service to get down to the level specified in START-2 without waiting until 2003, as that treaty provides.

This would remove 5,600 Russian warheads and about half that many U.S. warheads from active status years ahead of schedule, a senior Defense Department official said.

There is a catch: Russian im-

plementation of START-1 is to begin only when Ukraine, formerly a part of the Soviet Union, accedes to the Nuclear Nonproliferation Treaty as a nonnuclear state.

This is a step Ukraine has repeatedly pledged to take since gaining its independence from Moscow, but it has not happened.

A Pentagon official said Wednesday that President Leonid Kuchma of Ukraine would be told in strong terms when he visits Washington in November that Ukraine's place in the world community will be measured by its performance on this issue.

All previous arms-reduction agreements between Washington and Moscow have focused on strategic, or long-range, weapons. The Clinton administration's strategy going into this summit meeting, senior officials said, was to persuade Russia to begin reducing its tactical, or shorter-range, arsenal as well.

According to the joint communiqué, this initiative may succeed. "The presidents agreed," it said, "that each side would independently consider further unilateral steps, as appropriate, with regard to their respective nuclear forces."

U.S. officials said this was an urgent matter because Russia's arsenal of tactical weapons was scattered at scores of military sites controlled by local commanders rather than by Moscow, increasing the danger that weapons or nuclear materials could be stolen or sold.

This "loose nukes" threat is regarded by U.S. officials as a more serious threat to world peace and U.S. national security than the possibility of a nuclear attack by Russian strategic missiles.

Mr. Clinton also managed to clarify part of Mr. Yeltsin's speech, noting that the Russian announcement that no further contracts would be signed with Iran for the sale of arms was an agreement in concept only. A U.S. official said later that the United States was still unclear on what Mr. Yeltsin meant in saying that Russia would "service" its current contracts.

Russia sells Iran about \$1 billion a year in arms, including submarines. The United States considers Iran a pariah nation because of its support for terrorism, and has sought to halt Russian arms sales to Tehran since the Bush administration.

NATO Names Claeis To Its Top Position
Reuters
NEW YORK — NATO foreign ministers on Thursday formally appointed Foreign Minister Willy Claeis of Belgium as secretary-general of the 16-nation Western alliance.

Mr. Claeis, 55, succeeds Manfred Wörner, a German who died Aug. 13.

For Yeltsin, Dissension in the Ranks

By Michael Specter
New York Times Service

MOSCOW — Suggesting that it will take more than democracy to chase intrigue from the Kremlin, one of President Boris N. Yeltsin's closest aides has acknowledged that an "unseen struggle" was under way among Mr. Yeltsin's advisers over his political future.

"A struggle is going on for a democratic president, practically speaking, for the next term of Russia's history," the Russian president's press secretary, Vyacheslav Kostikov, told the Interfax News Agency. "All the rest are emotions and the dust of political sideshows."

The fight is apparently over whether Mr. Yeltsin should run again for president in 1996, whether he should put the elections off until economic reforms have more time to take hold, how he should conduct himself as president, and what, if anything, Mr. Yeltsin should say about it all now.

Mr. Kostikov, often more outspoken than his boss or most other advisers to Mr. Yeltsin, was unexpectedly struck from the list of officials who traveled to the United Nations and Washington this week with the Russian president. So were several other close advisers to Mr. Yeltsin, prompting the newspaper Izvestia to ease back into the Kremlinology of past eras and predict power struggles to come.

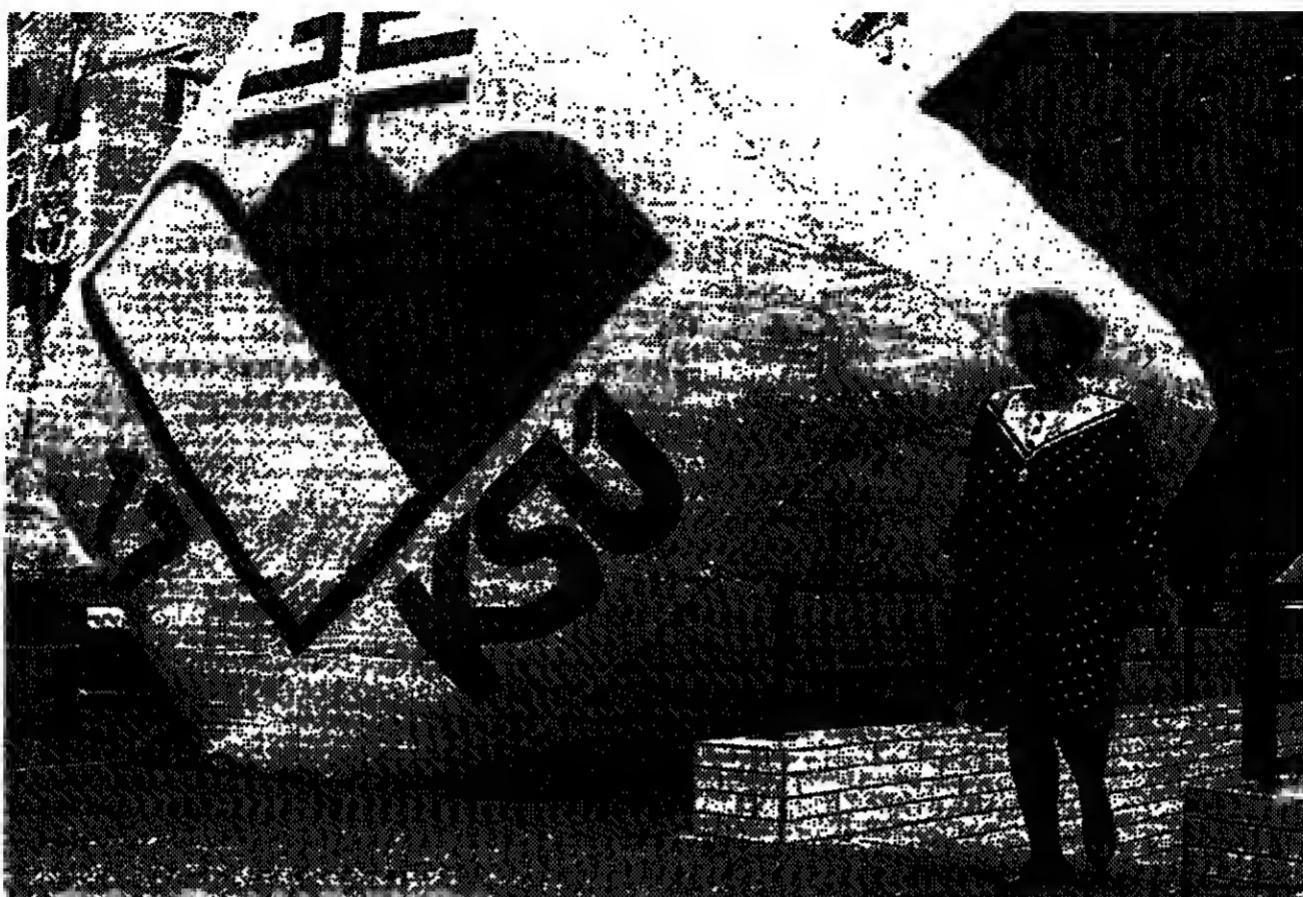
It is not clear why Mr. Kostikov did not travel to the United States. But it is also not clear — despite what Izvestia suggested — that the Yeltsin administration has been torn apart by a split between democrats like Mr. Kostikov and more hard-line guardians of power like Victor Ilyushin, a former Communist Party official and long a close ally of Mr. Yeltsin.

Mr. Yeltsin has jettisoned many democrats from his inner circle, and with opponents like Alexander V. Rutskoi

and Gennadi Zyuganov, the Communist Party leader, already campaigning together with strong appeals to Russian nationalism, it puts Mr. Yeltsin in a difficult position.

"It is not surprising that the president's name and position are giving rise to open and covert polemics," Mr. Kostikov told Interfax. "The stakes are too high. The president is about to take vitally important decisions on the date of the elections. He is to decide whether he will seek another term, as a number of leaders are proposing, or use his influence to put off elections."

Clearly, Mr. Yeltsin faces political problems. There are many indicators of severe economic problems — unproductive factories, unrealistic budgets, and inflation that, though greatly reduced, is still too high. On the other hand, foreign capital is returning to the country and Mr. Yeltsin's political opponents look far weaker than they have in months.



INFLATED CAMPAIGNING — A woman walking by a balloon ad for the Christian Socialist Union in central Bratislava on Thursday. The party is one of many contesting Slovakia's two-day general elections, which begin Friday.

Solution in Bosnia? Patience, Rose Says

By Roger Cohen
New York Times Service

SARAJEVO, Bosnia-Herzegovina — The commander of United Nations troops in Sarajevo says the increased use of force advocated by the United States will only lead the West toward war and a disaster like the one in Somalia.

"Patience, persistence and pressure is how you conduct a peacekeeping mission," the commander, Lieutenant General Sir Michael Rose, said in an interview. "Bombing is a last resort because when you cross the Mogadishu line." He was referring to the Somali capital, where American peacekeeping troops became involved in a shooting war that led to their departure.

The British general added: "If someone wants to fight a war here on moral or political grounds, fine, great, but count us out. Hitting one tank is peacekeeping. Hitting infrastructure, command and control,

logistics, that is war, and I'm not going to fight a war in white-painted tanks."

The general was responding to thinly veiled criticism from President Bill Clinton, who called for a new toughness in saving Sarajevo from strangulation during a speech Monday at the United Nations. American officials have been quietly pointing the finger at General Rose, saying he has been too timid in his response to the presence around Sarajevo of tanks and artillery of the Bosnian Serbs, as well as other Serbian pressure on the Bosnian capital.

Seen from Sarajevo, the U.S. approach to Bosnia lacks coherence because it involves calls for wider NATO air strikes without addressing what happens to the tens of thousands of British, French and other UN troops in the aftermath.

"If the decision is to go up to another level of enforcement, then we would have to leave," General Rose said. "NATO sometimes suggests a level of targeting or

use of air power that cannot be squared with my position. We have debates, of course, but not major rows."

Asked about his noncooperative approach to recent actions by the Bosnian Serbs against the citizens of Sarajevo, General Rose said the only protection for his troops came from the consent of all warring parties to the UN mission here.

Asked if he felt greater sympathy for the Serbs after eight months here — an allegation frequently made by Bosnian government officials — General Rose said he had tried to maintain strict neutrality.

"I disconnect myself personally," he said. "Of course I am not insensitive to the victimization of people or the dismemberment of a country recognized by the United Nations. But I must maintain dialogue with both sides because the alternative is a worse war. If we succeed, the world will be a safer place for decades. But if we fail, the consequences will be horrendous."

BOSNIA: U.S. Persuades NATO to Toughen Strikes After Serb Attacks

Continued from Page 1
Tensions officials were reluctant to let NATO do its job in Bosnia.

Speaking to NATO defense ministers in Seville, Spain, Mr. Perry showed the immediate thrust of U.S. policy on Bosnia after the Bosnian government formally asked the United Nations on Tuesday to leave its arms embargo in place for six more months.

The U.S. initiative to find a way to equip the outgunned Bosnian Muslims with weapons to match their Serbian foes — which threatened to cause the worst rift yet in trans-Atlantic diplomacy concerning Bosnia — thus became "largely ac-

ademic," in the words of Secretary of State Warren M. Christopher.

Not only easing U.S. dealings with President Boris N. Yeltsin of Russia during the Washington summit meeting, the initiative also lifted a cloud threatening the two-day NATO meeting in Seville.

As a sign of the important potential changes under way in NATO, France is attending the talks in Spain — the first time it has participated in top-level military consultations since de Gaulle distanced his country from the alliance in 1966.

Explaining why France and other European allies objected

to the Clinton administration's handling of embargo issue, a French official told a group of French officials last week that the proposed U.S. action could not improve the outcome in Bosnia.

"Serbian forces won't wait if they think their enemies are going to get equalizing weapons, they will strike first," the French official said. "Our military believed it would take months for the Bosnian government forces to tilt the balance of power. Meanwhile, we would be throwing away what looks like a real chance to see Belgrade squeeze the Bosnian Serbs and make them accept a settlement."

Although relieved, some European officials asserted this week that the diplomatic dilemma was largely of the Clinton administration's own doing. Congress passed a bill instructing Mr. Clinton to press the UN Security Council to lift the embargo unless the Bosnian Serbs

agreed by Oct. 15 to accept a peace plan brokered this summer by the five-nation contact group of mediating powers.

This U.S. deadline aroused particular antagonism in Britain and France, which were ready to withdraw their peacekeeping forces in the event of an influx of weapons.

Generally, the U.S. initiative — to let arms flood into a conflict where Washington has decided not to commit American ground forces — was seen as a sign that NATO no longer guaranteed trans-Atlantic consultations before the United States took a unilateral initiative on European security.

Fire Kills 9 in South Africa

Reuters

JOHANNESBURG — Nine people burned to death and at least 10 were injured in a forest fire near the eastern South African resort town of Hazyview.

WORLD BRIEFS

4 Slovaks Are Seized With Uranium

BRATISLAVA, Slovakia (Reuters) — Four Slovaks have been caught trying to smuggle 750 grams of uranium-235 across the Slovak border with Hungary, the Interior Ministry said Thursday. The isotope can be used in making nuclear weapons.

The three men and one woman were stopped in their car Wednesday near the town of Slovenske Nové Mesto, on Slovakia's southeast border with Hungary. The uranium was found hidden in a lead box, according to an investigator at the Slovak interior Ministry.

Since May, the German authorities have made five seizures of radioactive material, much of it believed to have originated in the former Soviet Union.

Rabin and Hussein Meet in Aqaba

JERUSALEM (AP) — Prime Minister Yitzhak Rabin of Israel and King Hussein of Jordan held a surprise meeting in Jordan on Thursday to try to overcome differences on water rights and territory that are blocking a peace treaty.

A spokesman for Mr. Rabin confirmed that the meeting was taking place at the monarch's palace in the resort of Aqaba. A spokesman for the Royal Palace said King Hussein and Mr. Rabin were discussing ways to advance the negotiating process.

"His Majesty and Mr. Rabin are discussing ways to resolve the core issues of conflict, including Jordan's water and territorial rights," the spokesman said. Israeli television reported that the meeting was aimed at concluding a timetable for reaching a peace treaty.

A Survey Questions Kohl's Chances

BONN (Reuters) — A German polling institute indicated for the first time on Thursday that Chancellor Helmut Kohl could lose power in October's general elections, touching off a dispute as rival institutes called the small-sample survey irresponsible.

Die Woche, a weekly, published figures by the Forsa Institute that gave Mr. Kohl's coalition partner, the alliance Free Democrats just 4 percent support — too little to win any seats in Parliament — and Mr. Kohl's Christian Democrats 42 percent.

Mr. Kohl needs the Free Democrats to return to Parliament if he is to have a real chance of forming a majority government, and a result like the one predicted by Forsa could end his rule.

6 Killed as Trains Collide in Germany

BAD BRAMSTEDT, Germany — Six people were killed and 60 were hurt, 20 seriously, when two trains collided Thursday afternoon in this northern German town, the police said.

A spokesman for the private Altona-Kaltenkirchen-Neumünster railroad said in Hamburg that human error appeared to have caused the crash, which happened on a single-track part of the line.

More than 200 policemen and rescue service officials were at the scene, where some people were still stuck in the cars, the railroad spokesman said.

Flogging Victim Is in Drug Clinic

The Associated Press

KETTERING, Ohio — Michael Fay has entered drug rehabilitation for butane-sniffing habit that he relied on to forget about his flogging in Singapore, his stepmother said.

Jan Fay said her stepson was admitted to a clinic in Minnesota several weeks ago after she and his father learned that he had been inhaling the gas from pressurized cans to get high. Butane is also used in cigarette lighters.

Mr. Fay, 19, told her that sniffing butane helped him forget about the four lashes to the buttocks with a rattan cane he received in Singapore after being convicted of vandalizing cars, she said.

"But you can't blame Singapore for everything," Mrs. Fay said Wednesday. "Michael knows that now. He knows that he has to take responsibility for his actions."

2 French Aide Named in Blood Case

PARIS (Reuters) — A former Socialist health minister, Edmond Hervé, was placed under investigation on Thursday for being an accomplice to poisoning in a test of whether the government can be blamed for AIDS-tainted blood transfusions that infected more than half of France's hemophiliacs.

A similar investigation was opened into a former social affairs minister, Georges Dufour, this week. A former prime minister, Laurent Fabius, will face the judges Friday.

The three face possible charges carrying a maximum penalty of 30 years in prison for their role in the emotionally charged scandal, which has infuriated many in France. But the investigation does not automatically lead to prosecution. More than 400 hemophiliacs have died from the tainted transfusions.

TRAVEL UPDATE

British Stores Lure French Shoppers

LONDON (Reuters) — Big British stores, taking a cue from the throngs who travel to France to buy alcohol, hope to tempt the French to cross the Channel in the other direction by offering day trips costing 99 francs (\$18.75).

Such major retail chains as Boots, Mothercare, Tesco and the like as well as the ferry company Sealink France, are backing the effort to lure French shoppers with a three-week television advertising campaign in northern France starting Thursday.

The television advertisements will promote a ticket covering transport from the shoppers' home town to the port of Calais, across the water to the English port of Dover and on to participating stores in Canterbury and Whitfield and back.

Fourteen people have died of cholera in Ukraine and 568 are infected with the disease, Ukrainian radio reported. (AP)

France's new safety belt requirement and tighter limits on drunken driving helped lower the automobile death toll during the summer months, the Transport Ministry said. During August, there were 764 deaths, 117 fewer than a year earlier. (Reuters)

SAS said it would resume flights from Copenhagen to Chicago, starting in March. The route was closed in 1992 in an accord with Austrian Airlines, which flies Vienna-Copenhagen-Chicago. Austrian intends to close the route next summer, SAS said. (AP)

Concerned about too many tourists on Galapagos Islands and overfishing there, Ecuador has stopped issuing new licenses for tourist operations and facilities. The islands are home to rare tortoises and many other endangered flora and fauna. (AP)

Southwest Airlines is offering a 50 percent discount for the next two weeks on seats bought the day before a flight. Other carriers said they would match the promotion. Southwest also said it would indefinitely revive a 50-percent discount for seats bought 21 days in advance. The one-day advance purchase program lasts until Oct. 13. (AP)

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Howard Kurtzman

INTERNATIONAL HERALD TRIBUNE

LONDON — The British government has issued a travel warning for tourists in Mexico due to the threat of kidnapping.

The warning, which covers the entire country, is valid for the next three months.

Tourists are advised to avoid traveling alone and to keep a low profile.

The warning follows a series of kidnappings of foreign tourists in recent weeks.

The latest kidnapping occurred on Sept. 26, when a group of tourists were taken by armed men in the southern state of Chiapas.

The tourists were released after a ransom was paid, but the kidnappers have not been identified.

The warning also advises tourists to avoid traveling alone and to keep a low profile.

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THE AMERICAS / HANDS-OFF POLICY

U.S. Forces in Haiti: Clinton Stands Back

After Constraints of Somalia, GIs Are Urged to Improvise'

By Mark Fineman
and Art Pine
Los Angeles Times Service

PORT-AU-PRINCE, HAITI — President Bill Clinton is doing something in Haiti that he did not do in the United States: military operation in Somalia. He is letting the military be the military.

American officials say that, in contrast to the Somalia venture, Washington is stepping

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back and leaving the military operation on the ground to its generals and admirals.

"The White House has kept hands-off," a senior military officer said.

Although that may have made for some occasional nervous moments for administration officials, it has also given the military far more latitude than it has had in previous operations — both at the top levels of command and among squad leaders and sergeants.

That, in turn, has meant far more on-the-spot improvising, both by senior commanders and by soldiers and Marines in the field, officials familiar with the U.S. operation in Haiti say.

Last week, for example, after Haitian policemen beat a civilian to death in Port-au-Prince, it was General Hugh Shelton, the U.S. commander in Haiti — and not administration officials — who decided to assign U.S. military policemen to oversee the Haitian forces.

The White House and the Pentagon's civilian leadership essentially went along.

And this week, the military delayed the departure of a contingent of Marines until early October, to avoid giving the appearance that Washington was bending to Lieutenant General

Raoul Cédars, the Haitian junta leader, who had accused the American troops of committing "atrocities."

Military officials say the broad latitude for the generals stemmed from several factors:

- Unlike the U.S. venture in Somalia, the Haiti operation is entirely American-run, so U.S. commanders have not had to tailor their actions to fit in with the demands of UN officials, a major constraint in Mogadishu.

- Planning for the Haiti venture was meticulous, with major units and their weapons packaged as separate components that could be interchanged and shifted around as the situation on the ground required, giving field commanders added flexibility.

- Many of the U.S. troops now in Haiti, particularly the army's 10th Mountain Division, served in Somalia and have experience with such peacekeeping operations. One lesson that the army learned: Keep ordinary combat troops away from day-to-day policing duties.

- To be sure, the wider discretion now being afforded military commanders — combined with the rapidly changing situation in Haiti — has led to occasional confusion and a few inconsistencies.

During the beating incident last week, for example, while U.S. troops in that part of Haiti were forced to do nothing more than watch, American soldiers in another part of the island, using the same rules of engagement, were permitted to step in and halt similar behavior.

But the U.S. military police, who are assigned to serve only as a buffer between the Haitian forces and the people until a U.S.-led UN multinational police force forms, do, of course, have their limitations.

POLITICAL NOTES

Feinstein Turns to Attack Mode

LOS ANGELES — After months of hating in one of the longest and most expensive television attack campaigns in congressional election history, Senator Dianne Feinstein has seen her wide lead in pre-election polls in California evaporate and is now going on the offense herself in an effort to salvage her campaign for re-election.

Polls show that Ms. Feinstein's wealthy Republican opponent, Representative Mike Huffington of Santa Barbara, has pulled even in the race, which will decide Ms. Feinstein's political future and will help determine whether her party retains control of the Senate and whether President Bill Clinton can hold this crucial state in 1996.

Knocked off balance by the Huffington assault, she is struggling to take the fight to her opponent but much of the time she finds herself concentrating more on defense than offense.

As she begins to strike back, her television advertisements bear a strikingly resemblance to his as she uses sharply worded assaults to question his ideology and his legislative ability. In fact, some of her attacks are even more acerbic than his because they go on to question his character.

(NYT)

It's No Time to Be a Democrat

DENVER — Governor Roy Romer succinctly states the source of his problem as voters consider whether to grant him a third

term: "I'm an incumbent, and I'm a Democrat."

By the common yardsticks of politics, Mr. Romer's re-election bid should be a cakewalk and, under the ordinary standards of elective competition, Governor Bruce King of New Mexico, also a Democrat, should be favored for re-election. And Michael J. Sullivan, the popular Democratic governor of Wyoming, would be expected to have the edge in his bid for a Senate seat.

But these are not ordinary times. The liabilities of Washington and the unpopularity of President Clinton have damaged the campaigns of Democratic House and Senate candidates and are also hurting Democratic gubernatorial incumbents.

"People are not feeling much better about Republicans, but generally people are feeling less good about Democrats," said Geoffrey Garin, a poll-taker. "The fact of the matter is that some of the old familiar stereotypes about Democrats are back in play this cycle, more in terms of tax-and-spend type issues than anything else."

(WP)

Quote/Unquote

Neel Lattimore, Hillary Rodham Clinton's spokesman, denying a tabloid report that the first lady was pregnant: "This is the same publication that said she adopted a space alien baby. If they already have a space alien baby, I don't know if they need another one."

(NYT)

Convict, Cleared By DNA, Is Freed After 10 Years

Los Angeles Times Service

SAN DIEGO — A 36-year-old barber who had been in a California prison for 10 years for rape and kidnapping has been freed after DNA tests proved his innocence.

Frederick R. Daye, convicted in 1984 in San Diego Superior Court after being identified by the rape victim and a witness, was released from the Vacaville state prison.

Mr. Daye said he planned to sue his prosecutors. He won his freedom thanks to the determination of an attorney, Carmela Simoncini, and a television reporter, Mark Matthews.

Judge Lance A. Ito said the report was false and that he was "saturated by the irresponsibility of the media." After KNBC stood by its story, Judge Ito said he was considering banning television cameras from the trial.

A KNBC reporter, Tracie Savage, did not retract the report until the 11 P.M. newscast Tuesday, six days after it aired.

The station's president, Carlene Black, told Judge Ito in a letter that "it was not KNBC's intent to provoke Your Honor," he said. The threshold of this story is pretty low for going on the air.

CNN, which said it had confirmed the story, announced Wednesday that one of its sources "now tells us that information given to him was incorrect and that no DNA tests were done on the socks."



U.S. Marines guarding the arrival of Haitian lawmakers for the opening of Parliament.

Grenade Thrown at Protesters Kills at Least 5 in Haiti Capital

Compiled by Our Staff From Dispatches

PORTE-AU-PRINCE, HAITI — A grenade exploded near a crowd of anti-junta protesters Thursday, killing at least five Haitians and wounding several dozen others, the Red Cross said.

Haitians on the scene said a grenade was tossed into the crowd as hundreds of people marched past the Port-au-

Prince docks. Bleeding victims staggered through the streets, pleading for help.

The explosion sent hundreds of people running from a stretch of the seaport area, which is guarded by some of the nearly 20,000 American troops in Haiti. Red Cross and U.S. military vehicles carried wounded from the scene.

American soldiers stormed the building from which the explosive was believed to have been thrown, using M-60 machine guns to blow off the door and arresting a man inside.

The grenade was set off about a mile from city hall, where the mayor of Port-au-Prince, Evans Paul, was being restored to power under U.S. protection.

Mr. Paul, who has been unable to fulfill his duties because of death threats since the 1991 military coup that toppled President Jean-Bertrand Aristide, was escorted into the building under heavy guard.

Mr. Paul, whose popularity may one day lead him to the presidency, tried to return to office last year, but was prevented by armed paramilitary gunmen who shot and killed five of his supporters outside the building.

Haitians five deep crowded against coils of barbed wire strung up around the white stone building before his arrival.

On Wednesday, lawmakers met for the first time in nine

(Reuters, AP)

Away From Politics

• American Tobacco Co., which makes Carlton cigarettes, has agreed to stop advertising that 10 packs of its brand have less tar than one pack of others brands, the Federal Trade Commission said.

• A teenager who was originally sentenced to three years in prison for breaking into a school in Thomaston, Georgia, and stealing ice cream escaped a retrial by pleading guilty to reduced charges. He received a year's probation and a \$600 fine.

• Michael Sonner, a murderer who begged jurors to "put me out of my misery," was sentenced in Lovelock, Nevada, to die for gunning down a state trooper.

• An 82-year-old man carrying groceries was struck and killed by a Metrolink commuter train, becoming the fourth fatality on Metrolink tracks in less than a week. Two of the four victims committed suicide. Metrolink provides rail service from downtown Los Angeles to five surrounding counties.

(AP)

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Herald INTERNATIONAL Tribune
WELLEDGED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Tweaking Castro: U.S. Hopes Cubans Rush to Entry Lottery

By Steven Greenhouse
New York Times Service

WASHINGTON — Having promised President Fidel Castro that it would grant entry rights to at least 20,000 Cubans a year, the Clinton administration has decided to select about one-quarter of that total by a lottery of Cuban applicants.

Administration officials who are putting the finishing touches on the immigration plan said the lottery is intended to create opportunities for Cubans who have no hope of being admitted under U.S. immigration law because they neither have close relatives in the United States nor qualify for refugee status.

The other 15,000 would be accepted largely by broadening the definition of refugees and close relatives.

One official said that so many Cubans — perhaps more than 100,000 — might apply for entry through the lottery that it could embarrass Mr. Castro and increase pressures on him to liberalize his economy.

The administration agreed

to accepting people on a first-come, first-served basis if you won't have people standing in long lines outside the American Interest Section in Havana," an administration official said.

Another advantage, officials said, is that it might encourage some of the 30,000 Cuban refugees at Guantánamo Bay Naval Station to repatriate voluntarily to try their luck in the lottery. If Cubans were granted entry on a first-come, first-served basis, the Guantánamo refugees would have little chance to qualify and thus little incentive to go back home.

State Department officials repeated this week that the refugees at Guantánamo have no chance of going directly to the United States. But they noted that Venezuela, Mexico and other Latin American countries have agreed to resettle several hundred of the Cubans.

But administration officials said the steps did not go far enough to warrant the "carefully calibrated" response Washington promised if Havana took major steps toward democracy.

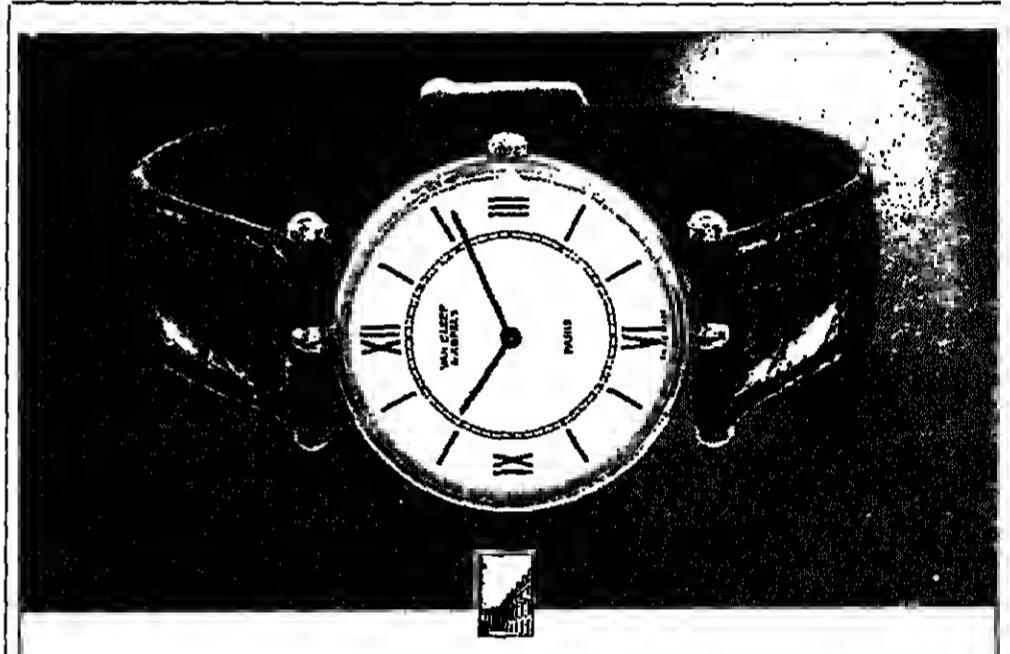
a deal in which Mr. Castro promised to stop the exodus.

Last week, Ricardo Alarcón, Cuba's chief negotiator in the talks with Washington, complained that the administration was dragging its feet in saying exactly how it would grant entry to the 20,000 Cubans. At a Sept. 9 news conference, Attorney General Janet Reno indicated that the details would be released the following week.

In explaining the delay, one Justice Department official said, "It's more important to do it right than to do it fast."

State Department officials said they were pleased by two steps the Castro government took this month: It met in Madrid with three prominent exiled dissidents, and it permitted farmers to sell some of their produce in the open market.

But administration officials said the steps did not go far enough to warrant the "carefully calibrated" response Washington promised if Havana took major steps toward democracy.



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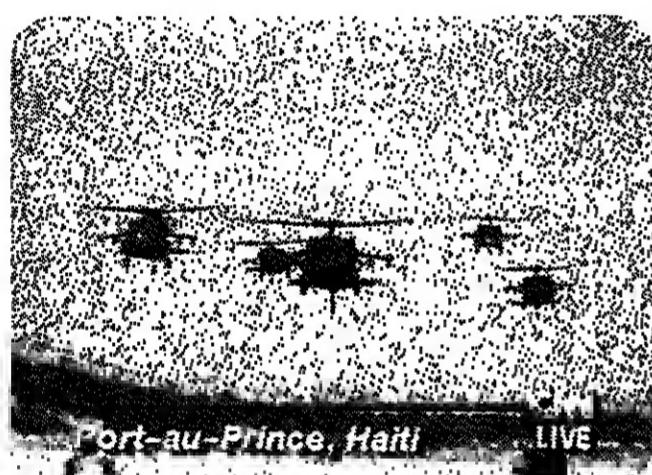
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Algerian Entertainer Is Slain, and Berbers Vow a 'Total War'

By Youssef M. Ibrahim
New York Times Service

TUNIS — The Algerian civil turmoil pitting secularists against Muslim fundamentalists entered a new phase of ethnic conflict with the murder Thursday of a well-known Berber entertainer and the earlier kidnapping of another popular Berber singer.

The attacks are pushing Algeria's considerable ethnic Berber population, estimated at 8 million among Algeria's population of 28 million, to arm itself. Some of its leaders are threatening "total war" to defend their Berber heritage and the relative independence of their people in the mountainous Kabylie region of northern Algeria.

Suspected Muslim fundamentalist militants in Oran shot to death Cheh Hasni, one of Algeria's most popular singers. The killing followed the kidnapping Sunday of a 38-year-old Berber singer and political activist, Matouh Loune, from a sidewalk café about eight kilometers (five miles) east of Tizi-Ouzou, the cultural and spiritual capital of the Berber Kabylie region of Algeria.

The acts dramatically increased tension among Berbers who have staged massive strikes in the last three weeks to demand the revival of their ethnic Tamazight language. Many of the Berber villages have been forming self-defense committees.

Senior political Berber figures, including Hocine Ait Ahmed, head of the second largest

political party in Algeria after the Islamic movement, and Said Saïdi, another Berber leader who heads the vehemently anti-fundamentalist Assembly of Culture and Democracy, warned in separate statements that targeting Berber figures could tip the country toward a full-blown civil war.

Mr. Saïdi's movement had threatened to take up arms if Mr. Loune was not returned immediately. That threat was made even before Thursday's killing of Mr. Hasni, 26. Both men were strong anti-fundamentalist figures.

Mr. Loune had repeatedly asserted he was "neither Arab nor Muslim." Mr. Hasni was a star performer of Rai music, a blend of Algerian melodies with Western themes that appeals to a wide segment of North African youths but is viewed as "vulgar and seductive" Western music by fundamentalists.

The Berber Cultural Movement, an association that has evolved in the past few years as the political wing for committed ethnic Berbers in Algeria, has called for a massive Berber demonstration on Oct. 2 after successfully organizing the strikes to demand the reinstatement of Tamazight, banned for 32 years by successive Algerian governments.

The strikes and protests were only the most obvious aspect of a much deeper malaise among the ethnic Berbers, which has grown in the past two years as the tide of Islamic fundamentalism has steadily mounted in Algeria.

Carlsson of Sweden Names 6 to Cabinet

Reuters
STOCKHOLM — Sweden's prime minister-designate, Ingvar Carlsson, named key ministers in his new Social Democratic cabinet on Thursday.

The minority government, which will take over next week from the coalition led by the conservative prime minister, Carl Bildt, faces the tough task of cutting a huge state budget deficit and securing a "yes" vote in a referendum in November on whether Sweden should join the European Union.

Mr. Carlsson, who toppled Mr. Bildt in a general election this month, gave the post of finance minister to Goran Persson.

Mr. Persson, 45, a former schools and adult education

minister with a blunt approach and no high-level economic training, will be plunged into the spotlight as international financial markets focus on Sweden's mountain of debt.

Mr. Carlsson named six ministerial appointments, three of them women, in his minority government.

A foreign-aid expert, Lena Hjelm-Wallen, a member of the Social Democrats' inner circle, was appointed to be foreign minister.

Mrs. Hjelm-Wallen, who will play a key role as the government aims to take Sweden into the Union on Jan. 1, has been education minister and foreign aid minister.

The party secretary, Mona Sahlin, was named deputy prime minister.

EUROPEAN TOPICS

'Back to the Horse' In German Logging

For more than 600 years, workhorses have helped German loggers drag felled trees from the forests. The sharp, clear sound of axes against tree trunks and the gentle jangling of tow chains were as much a part of forest life as was the smell of pine.

As elsewhere, mechanization changed that. The new sound in the forests became that of chain saws and tractors; the new smell was of diesel fuel.

In the 1980s, the weekly magazine *Der Spiegel* reports, horses made comeback. Alarmed by reports of dying forests, environmentalists agitated for a return to old-fashioned ways. Mechanical forestry, they noted, tends to cause wastage of up to 10 times that wrought by men with horses — not to mention damage to soil and undergrowth.

In the Saarland in 1987, Wilhelm Bode, then in charge of state forest management and now an active environmentalist, banned clear-cutting, had fences built around forest stands and put more than 50 horses back in service. But these changes were rolled back by economy-minded officials.

Now German nature groups have joined forces with the workhorse lobby to mount a "Back to the Horse" campaign. Knowing that their environmental arguments alone are unlikely to carry the day, they offer figures showing that the more careful forestry of men and animals, because it does less damage to trees, is more cost-effective than modern means of tree harvesting.

Around Europe

Overall crime in England and Wales dropped by 5.5 percent last year, the steepest decline in 40 years, the

government announced. But violent crime rose by 5 percent. On Wednesday, Interior Minister Michael Howard called on Britons to set up voluntary citizens' patrols to help fight crime by reporting suspicious activities to the police. The plan was criticized by Alan Beith, speaking for the centrist Liberal Democratic Party, who said it "could easily turn into pushing innocent people around in a threatening way."

Sophie Pettier, 32, holds four advanced degrees, in subjects including the history of Christianity and African ethnology. She is a voracious reader and a former professor. Now she writes, and reads, messages on a Belgian phone-sex service.

"I make a better living than when I was teaching morality," she told an interviewer for *Le Soir* of Brussels. "And it's an excellent exercise in style and writing technique." In the process, she has learned a good deal about European tastes. "I try to be flamboyant and imaginative with French callers," she says, "because they don't accept mediocrity. Francophones, let us not forget, have an enormous store of culture on this subject: De Sade, 'Dangerous Liaisons,' etc. And the Belgians? They have a fantasy, for example, of making love in a church, because religion is a big taboo here — whereas a Danish man would shrug and say, 'So what?'"

The book "Argot du Bistro" ("Bistro Slang"), by Roland Giraud, offers some useful vocabulary for lovers of these unpretentious French restaurants. Thus, "drowned dog" refers to a lump of sugar placed in black coffee; "umbrella syrup" is water. The thick cloth that beer-truck drivers use to absorb the shock of the heavy kegs they unload outside these clattering establishments is known simply as "mother-in-law."

Brian Knowlton



OUT OF HIDING — Taslima Nasrin, who fled Bangladesh for Sweden in August after being threatened by Islamic fundamentalists with death because of her support of women's rights, speaking Thursday at meeting in Lisbon of the International Parliament of Writers. She said she would eventually return to fight for equality.

IRA's Adams, Ex-Pariah, Gets A Hero's Welcome in New York

By Francis X. Clines
New York Times Service

NEW YORK — Artfully casting off his old role as official pariah, Gerry Adams, the political spokesman for the Irish Republican Army, beamed from the steps of City Hall as New York politicians vied to be at his side and hail him as honored guest and newborn statesman.

With his State Department visa ban now a thing of the past, Mr. Adams, once imprisoned and often denounced by Britain as an IRA terrorist, received multiple awards and heroic praise from city officials who welcomed him as a "harbinger of peace" and "a civil rights activist."

A relatively small lunch-hour crowd of a few hundred cheered him, but the domestic political value of Mr. Adams's official turnaround was demonstrated by the throng of local politicians who crowded about him.

They pressed him to accept three different government proclamations, the Crystal Apple award extended by Mayor Rudolph W. Giuliani to ranking foreign dignitaries and a private New York Police Department boat tour of Ellis Island and the Statue of Liberty.

Mr. Adams, the leader of Sinn Fein, the IRA's political arm, stepped forward happily beneath a City Hall welcoming banner as the Police Department's Emerald Society offered the bittersweet skirt of "Wrap the Green Flag Around Me, Boys."

Mr. Adams thanked the city government for an "unwavering commitment" to economic boycott pressures on Britain's Northern Irish government.

Then he addressed Prime

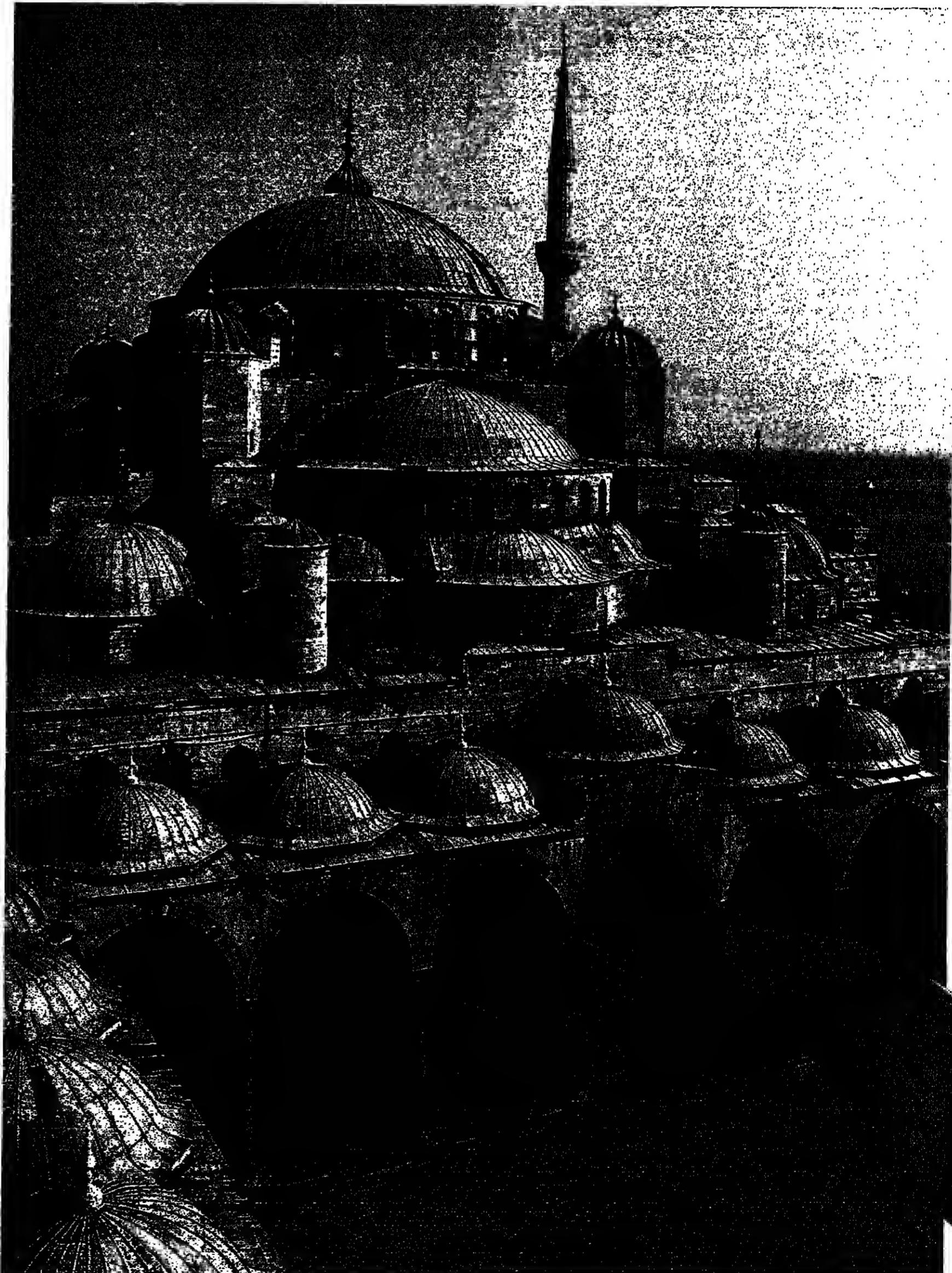
The man from Belfast was officially hailed as an Irish leader to be reckoned with by Mayor Giuliani, whose former duties as the U.S. attorney in Manhattan included taking action against aliens who were IRA partisans. But with a cease-fire by the IRA this month, the mayor credited Mr. Adams on Wednesday with leading the guerrilla movement to a courageous step.

"I think President Clinton should greet him," he declared, joining the Irish visitor's own campaign for the Clinton administration to honor him with a White House visit, which would add to the pressure on London for peace talks that are open to leaders of Northern Ireland's militant Republican movement.

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Shocked by one of many British reporters demanding to know whether a suspect in the gunning was part of his entourage, Mr. Adams died laughing at a City Hall news conference when he replied that the word now knows British justice is a matter of "innocent until proven Irish."

Thai now flies smooth as silk to Istanbul. Twice a week.



Istanbul. A city where Ottoman Palaces and tall, slim-towered mosques dominate the skyline. From October 31, 1994 Thai flies to this fabled city via Athens every Monday and Thursday from Bangkok, returning every Tuesday and Friday. Now you'll be able to enjoy the outstanding in-cabin service, gourmet meals and complimentary wines that have made Thai's Royal Orchid Service the envy of airlines around the world, while winging your way to exotic Istanbul on Thai. The airline that's smooth as silk.

Thai

North Korea and U.S. Suspend Talks Pending Consultations

By R. Jeffrey Smith
Washington Post Service

GENEVA — The chief American and North Korean negotiators suspended their talks here Thursday after finding they were deadlocked on key aspects of a potential accord eliminating North Korea's capability to make nuclear arms, U.S. and North Korean officials said.

At issue, American officials said, are unacceptable new North Korean demands for additional compensation for scrapping its nuclear program, as well as new conditions that North Korea wants to impose on its month-old pledge to wind down key portions of the program in coming years.

The U.S. negotiator, Robert E. Gallucci, said Thursday night that he and other senior members of the American delegation would return to Washington on Friday for high-level consultations while technical experts on the two delegations continued informal talks about several disputed issues.

Mr. Gallucci said he planned to return to Geneva on Tuesday and begin new talks the following day with his counterpart, North Korea's deputy foreign minister, Kang Sok Ju. Mr. Kang told U.S. officials that while he would remain in Geneva, he would consult with his capital.

Officials said the talks were suspended at Mr. Gallucci's request after seven straight days of negotiation failed to produce

any progress toward an accord spelling out the economic and political rewards North Korea would get for scrapping nuclear plants that Washington claims can be used to make nuclear weapons.

A third theory, one official said, is that North Korean officials "simply do not know how to take 'yes' for an answer," and believe that any deal Washington is willing to accept can always be improved.

The two sides disagreed this week, for example, about whether South Korea can play a central role in supplying North Korea with two new light-water nuclear reactors. The reactors, which produce little plutonium, would replace graphite-moderated reactors that North Korea is now building, and which produce large amounts of plutonium, the key ingredient of nuclear arms.

The two sides also disagreed about North Korea's plan to restart an existing 25-megawatt nuclear reactor that was shut down for refueling last May.

They also differed about North Korea's insistence on retaining indefinitely an estimated 8,000 spent fuel rods already discharged from that reactor, which are laden with enough plutonium to build one or two nuclear weapons.

Washington had sought a North Korean commitment that the rods would eventually be transferred to another country, ruling out any use of the plutonium in weapons.

Another theory is that the

North Korean leadership may be driven by a dispute between two opposing camps, one that refuses to give up the nuclear program and another bent on forging new ties to the West.

"There's distance between the two sides," said a U.S. official involved in the negotiations, "and on our side at least, it's worth taking some time to figure out where we go from here."

The intense frustration expressed by U.S. officials this week contrasts sharply with the upbeat mood they displayed after reaching a preliminary accord in August that spelled out what each side would do to fulfill the other's demands.

U.S. officials had hoped during these talks to fill in the blank spaces on that accord, but said they instead found themselves confronting unexpected new obstacles. They said they remain mystified by what they regard as a more hard-line stance by North Korea.

One U.S. theory is that the North Korean team is deliberately stalling until their country formally names Kim Jong Il its new leader, possibly in mid-October. Mr. Kim is expected to succeed his father, Kim Il Sung, the longtime North Korean president. American officials have speculated that North Korean negotiators have been ordered not to make any concessions until Mr. Kim has consolidated his position.

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Report Finds 'Organized' Tutsi Murders

By Raymond Bonner
New York Times Service

GENEVA — Soldiers of the new Tutsi-dominated Rwandan government are engaged in the "coordinated and organized" killing of Hutu villagers, according to a report by the United Nations High Commissioner for Refugees.

The report also says the new government has set up camps where it is detaining people after telling them to come to get food and clothing. At one compound, guarded by soldiers, there was a building "full of dead bodies," the report says. Most of the victims were men, who had their hands tied behind their backs.

Before the secretary-general's "gag order" — all UN officials here are describing it — the High Commissioner for Refugees had issued a statement that Mr. Gersony's conclusion, and provides evidence of killing of Hutu in August and earlier this month.

The field officers' report, which is circulating among nongovernmental relief organizations, corroborates Mr. Gersony's conclusion, and provides evidence of killing of Hutu in August and earlier this month.

The field officers interviewed 31 refugees, all Hutu, and said they found them "very credible." The refugees told of Rwanda Patriotic Front soldiers "coming into their villages, taking people out of their homes, tying their hands behind their backs and killing them."

Within hours of the killing

civil war, or since the new government came to power, in mid-July.

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The field officers interviewed 31 refugees, all Hutu, and said they found them "very credible." The refugees told of Rwanda Patriotic Front soldiers "coming into their villages, taking people out of their homes, tying their hands behind their backs and killing them."

His identity was unclear, with the police calling him either Joel or Hector Resendiz of Acapulco.

El Nacional, a government-controlled newspaper, reported that the suspect was named Daniel Aguilar Trevino, from the border state of Tamaulipas.

The report said Mr. Aguilar was paid approximately \$15,000 by two unidentified men to carry out the attack.

A spokesperson for the attorney general's office said that the El Nacional report "was not false."

The conflicting versions about the identity of the killer was reminiscent of the still-confused government account of the events surrounding the Colosio murder.

Within days of the candidate's death, officials announced that the suspected assassin, Mario Ahuado Martinez, had acted in conjunction with at least five other men, some of whom were local PRI officials.

Afterward, the special prosecutor in the case, Miguel Montes Garcia, said that Mr. Aburto had acted alone. Mr. Montes resigned his post a few days later.

Those originally accused of assisting Mr. Aburto remain in custody.

Ignoring UN Assurances on Plague, Nations Warn Travelers to Avoid India

International Herald Tribune

The United States, France, Britain and Italy warned travelers Thursday to avoid visiting India despite an earlier assurance from the World Health Organization that visitors going there did not need to change their plans because of the plague.

A WHO spokesman in Geneva said the organization was sticking by its opinion that foreigners were highly unlikely to contract plague. It advised particular caution only in visiting the western city of Surat, the only place declared an epidemic zone. The organization bases its advice on information received from Indian health authorities and its own regional office in New Delhi.

The spokesman denied a suggestion that the health organization, a

UN agency, might be taking a more relaxed position to avoid offending Indian sensibilities. If the organization thought there was a significant danger to travelers, he said, it would say so.

With several countries breaking off air and sea contacts with India, New Delhi accused its governments of overreacting. The All-India Association of Industries said the nation "is working as normally as ever."

Officials said there was no plague risk in any of the main tourist areas, and most international airlines said there had not been a substantial number of cancellations. But Air-India said it had lost half its business because of a ban on flights by Gulf countries that has stranded thousands of passengers. The mainly do-

mestic Indian Airlines also was hit by the ban.

The U.S. government issued a plague advisory Thursday, warning travelers to avoid areas of India stricken by outbreaks of the deadly disease.

Federal health officials said foreign visitors generally are at a low risk for plague infection. But the Centers for Disease Control still recommended that Americans avoid areas known to be infested with rats and apply insect repellent to ankles, legs, clothing and outer bedding.

Egypt and Malaysia banned flights to and from India.

Indian businessmen feared a catastrophic impact on imports as Gulf countries turned back cargo ships and European importers suspended

peanut exports from the epidemic region.

Some diplomats based in New Delhi told reporters that they thought the government was concealing details of the outbreak, which has taken at least 47 lives.

In Paris, the Health Ministry said, "All persons planning to travel to India in the near future are advised to postpone their trips, unless there are imperative reasons, particularly to the northwestern states of India, including New Delhi and Bombay."

Britain's Health Department said that people should travel to India only if their visit was strictly necessary and that they should avoid Gujarat state altogether.

In line with screening practices in other countries, doctors at Heathrow

Airport began boarding flights from India and checking passengers for high temperatures and breathing problems, two early symptoms of pneumonic plague.

The main problem facing health authorities was how to identify people who may have become infected by plague but had yet to start showing symptoms. In cases of doubt, countries are authorized to detain passengers for up to six days, the incubation period for the disease.

"There really isn't any way of identifying somebody who has pneumonic plague infection but is not yet sick from it," said Malcolm Molyneux of the Liverpool School of Tropical Medicine.

"So there is no screening method that could be applied to healthy peo-

ple to decide that they may soon be developing this illness," he said.

Israel told its nationals to cancel all visits to India "at least until the extent of the epidemic and the health authorities' ability to control it become clear."

The German government caucused against plague hysteria. In its capacity as president of the European Union, however, it called a meeting of EU countries Friday to coordinate action in helping India and preventing any outbreak in Europe.

Russia suspended all tourist and business trips to India on Thursday. It said only diplomats and members of official delegations would be allowed to visit the country, and only on condition they were vaccinated.

—BARRY JAMES



Assassin In Mexico Reportedly Was Hired

By Ted Bardacke
Washington Post Service

MEXICO CITY — The fatal shooting of José Francisco Ruiz Massieu, the No. 2 man in Mexico's governing party, was carried out by a hired killer, sources said Thursday.

But as the country tried to cope with the shock of its second major political assassination in six months, the lack of any official explanation about the killing had Mexicans wondering if they were in for the same kind of confused situation that followed the assassination of Luis Donaldo Colosio Murciel in March in Tijuana.

Mr. Colosio was the presidential candidate of the governing Institutional Revolutionary Party, known here as PRI.

Within hours of the killing Wednesday, the police said they had taken the suspected gunman into custody for questioning.

His identity was unclear, with the police calling him either Joel or Héctor Resendiz of Acapulco.

El Nacional, a government-controlled newspaper, reported that the suspect was named Daniel Aguilar Trevino, from the border state of Tamaulipas. The report said Mr. Aguilar was paid approximately \$15,000 by two unidentified men to carry out the attack.

A spokesperson for the attorney general's office said that the El Nacional report "was not false."

The conflicting versions about the identity of the killer was reminiscent of the still-confused government account of the events surrounding the Colosio murder.

Within days of the candidate's death, officials announced that the suspected assassin, Mario Ahuado Martinez, had acted in conjunction with at least five other men, some of whom were local PRI officials.

Afterward, the special prosecutor in the case, Miguel Montes Garcia, said that Mr. Aburto had acted alone. Mr. Montes resigned his post a few days later.

Those originally accused of assisting Mr. Aburto remain in custody.

THE AMERICAN EXPRESS

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Assassin
In Mexico
Reportedly
Was Hired

New Rules on Safety May Prevent Repeat Of Sinking in Baltic

By Barry James
International Herald Tribune

Ship designers have known since the 1987 capsizing of a British ferry in Belgium that a relatively small amount of flooding can cause a roll-on, roll-off ferry to founder.

Ship construction experts said Thursday that an influx of water through the bow doors could have been the reason that the ferry Estonia sank in the Baltic Sea, killing more than 800 passengers and crew members.

After 188 died aboard the the Herald of Free Enterprise, the International Maritime Organization adopted several amendments to the 1974 Safety of Life at Sea Convention designed to improve the safety of passenger ferries.

One amendment, adopted in 1992, takes effect Saturday. It calls for improved stability of older ferries after accidents and

for measures to ensure that captains do not sail with open cargo doors. These measures have been required of all new ships since 1990.

Another amendment calls for better subdivisions in cargo ships to prevent catastrophic flooding and improved damage stability.

The Estonia had a fairly high classification that gave it until 1999 to comply with the amendment.

The Estonia, which was built in West Germany in 1980, lacked many of these modern standards.

Could it and ships like it be retrofitted with better safety features?

"Bluntly, yes," said Marshall Meek, a former president of the Royal Institution of Naval Architects in London. "Nobody wants to do it, but the nub of the argument is this: Why should older ships be less safe than current ones?"

"The simple fact is that if these ships are going to be made safer, as some of us think they should be, they are going to be more expensive to build and perhaps more expensive to operate."

For example, he said, putting in more bulkheads could slow down loading and unloading of the vessels. "That is the last thing the operators want, because for them a quick turnaround is absolutely necessary," he said.

Mr. Meek said there were no formal regulations setting out the minimum time a ferry should remain afloat after suffering damage and how long it should take to evacuate the passengers.

"The maritime world is still too casual about these things," he said.

John Spouse, a naval safety consultant with DNV Technical in London, said the integrity of the door itself rather than the seal was crucial.

"I think the probable cause of the ship sinking was a door being open orajar rather than merely leaking," he said.

Mr. Spouse said that after its engines stopped, the high-sided ship might have turned beam on to the storm-force winds, causing it to heel. This could have sent trucks careening against the doors.



Peter De Jager/The Associated Press

Divers Will Begin Search for Bodies

Reuters

AMSTERDAM — Divers will soon start trying to recover bodies trapped below decks of the Estonia, 90 meters down on the Baltic seabed.

"The first priority is to get the bodies back," said Eldine Habig, a spokeswoman for the salvage company Wijsmuller Salvage.

Wijsmuller has been asked by the Estonian government to

plan an operation to try to recover the victims' bodies.

Russia said Thursday that Finland had asked for Russian help in raising the Estonia and recovering bodies.

Karl Smolnikov, a spokesman for the Russian ministry that deals with emergencies, said the ministry would send a group of experts to the Finnish port of Turku on Friday to study ways the operation could be carried out.

Miss Habig said divers — breathing a mixture of helium and oxygen to counter the effects of working at such depths — would try to explore the wreck.

She said strong currents and the danger to the divers could make a search hazardous.

A final contract to begin salvage work would not be awarded until an inquiry had established the position of the hull.

FERRY: Ship's Owner Unsure How Breach Occurred

Continued from Page 1

in Helsinki but that he had not yet been seen or interviewed by the Finnish authorities or by the ferry company.

They said Captain Pihl was the only senior crew member known to have survived.

A Swedish-Estonian-Finnish commission is being set up to conduct the investigation into the sinking. Mr. Forsberg said that the ferry would probably not be raised to the surface but Estonian officials said the passengers and crew members had totaled 1,049.

planen, a Finn who was one of the 140 or so survivors. "The screams of women."

Officials said the governments had not decided whether to try to recover the bodies of those trapped in the ship. Many people are believed to have been asleep in cabins on the six-deck ferry when it went down.

Search teams had recovered 65 bodies from the surface by late Thursday.

"One thing you really heard were the screams of women out in the sea," said Hannu Sep-

TRADE: U.S.-Japan Compromise Expected in Tokyo

Continued from Page 1

sectors. Washington could designate Japan as a "priority" country under the Super 301 trade act, leading to sanctions 12 to 18 months later.

If Washington puts on sanctions, Tokyo has threatened to break off the talks and file a lawsuit against the action with GATT. The yen could soar.

The Clinton administration also faces a potential backlash

from industry groups demanding a Japanese commitment to increased sales.

"If the formula doesn't include the words 'sales and share' the agreement is worthless," said John Stern, representative of the American Electronics Association in Tokyo.

"Agreements that can be construed differently by both countries are dangerous to the U.S.-Japan relationship because they are nothing more

than agreements to disagree.

Still, the betting is on the following:

• Insurance: The United States and Japan reach agreement on deregulatory measures to bolster foreign access to the Japanese insurance market.

• Flat glass: In a largely symbolic slap at Tokyo, the United States begins an investigation into Japan's glass market under its Super 301 trade legislation.

POLLUTION: Boomtime in East Asia Proves Acrid

Continued from Page 1

for power, industry and home heating in China.

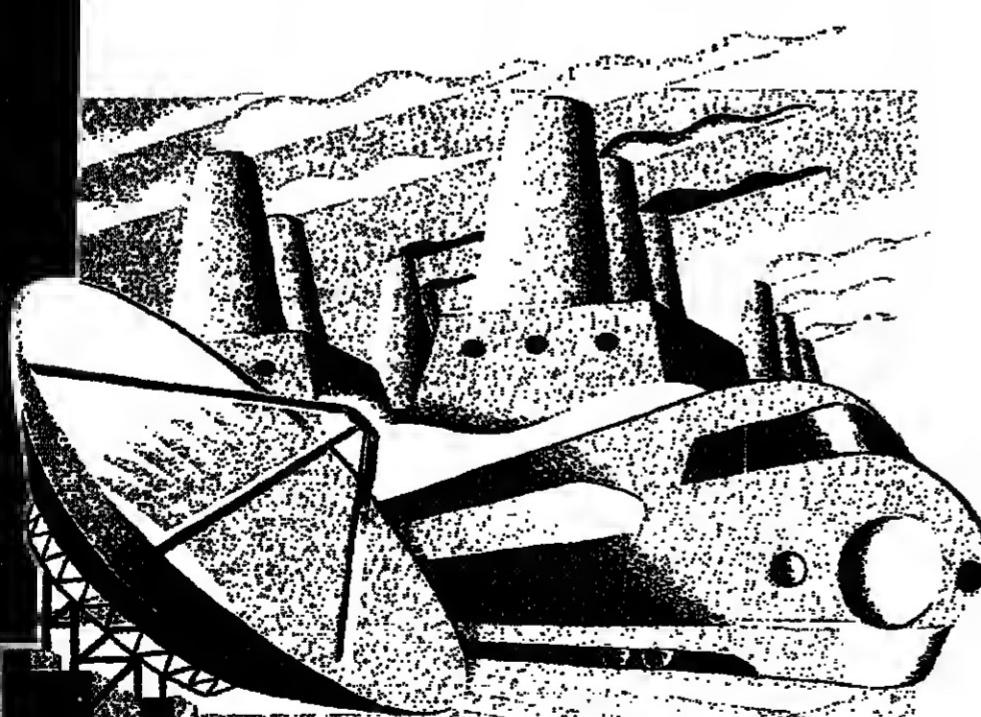
Vietnam is concerned that Thailand will draw excessive amounts of water from the Mekong River in the dry season, thus increasing intrusion of salt water from the sea into the Mekong Delta region of southern Vietnam, the country's main rice-growing area.

As Southeast Asia becomes industrialized, demand for water will rise sharply, and so will conflict between users," said

Next: The high cost of cleaning up in East Asia

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International Herald Tribune

Published With The New York Times and The Washington Post

Broad-Based Summary

The fifth in a now ever-more-routine series of meetings between Bill Clinton and Boris Yeltsin marked an ironic reversal. Once all but written off as a would-be reformer who had failed, the Russian president came to Washington hailed for having calmed the political storms and made progress in privatizing and fighting inflation. It was mostly the American president, who is in deep water politically, of whom it could be said that he "needed" a summit. That goes too far, but Mr. Clinton did make good use of this one.

He and Mr. Yeltsin bore down on the right places on expanding economic ties. Earlier notions that Russia would launch a market revival from a platform of Western public aid have yielded to a more realistic emphasis on increased private foreign investment. This does not spare the Russian people the human costs, of Great Depression dimensions, of the new Russian revolution. But meanwhile it offers Americans, especially oil investors, large opportunities. No other American president has worked harder and more openly, as Mr. Clinton promised he would, to carry the banner of business abroad.

In the non-job-related parts of policy, Washington continues to have problems in dealing with Moscow. Not Cold War-sized or shaped problems but differences of outlook on regional issues that persist and must be dealt with seriously. This

time the two leaders treated their tensions over Bosnia where a risk yet exists of a deepening proxy war, and Iran, where a formula was drafted to cut back Russian arms supplies to this outlaw state.

Still troubling, however, is the Azerbaijan-Armenia war, which Russia has made a test case of assertiveness in its "near abroad." One case where the Clinton team ought to have more of a problem with Moscow is NATO membership for East European states. Washington has sometimes not been attentive enough to the anxieties of these new democracies.

Their giant remaining nuclear stockpiles compel both countries to keep making their arsenals less threatening and, in Russia's case, more secure, too. Mr. Yeltsin, expressing Russia's claim to remain a global player, had a whole clutch of new disarmament proposals. It's fine, to take one, to set a deadline of next year's 50th anniversary of the United Nations for a comprehensive nuclear test ban treaty. The prompter nuclear reductions that were announced are also fine. But the higher priority is for Moscow to make good on its big reductions pledges of the past. Airy declarations of intent were the frequent and disappointing stuff of diplomacy between bouts of Cold War confrontation. They should have no place in the new era of "pragmatic partnership."

— THE WASHINGTON POST.

Senator vs. World Trade

Ernest Hollings, chairman of the Senate Commerce Committee, declared Wednesday that he would keep the Senate from voting this session on the trade accord that the Clinton administration signed with more than 100 other countries last April in Marrakesh, Morocco. This is a destructive blow to the demands of textile firms in his home state of South Carolina, who fear competition from abroad under the accord. If Mr. Hollings is successful, he would delay and possibly block for good approval of a bill that would add \$200 billion a year to the U.S. economy.

Mr. Hollings is the main culprit, but the White House was his enabler. It dallied in getting the legislation to Congress. Then it rejected advice to sidestep Mr. Hollings's committee. The danger is that the Senate vote could be delayed until next year, or longer. Delay, in turn, could jeopardize approval here and abroad.

The legislative rules that govern the trade accord are known as fast track, which requires Congress to vote quickly and without amendment. Under the rules, Mr. Hollings's committee has 45 days to deliberate before sending the bill to the floor. But the 45-day period did not begin until Tuesday, when the administration delivered its bill to Congress, and Congress is due to break in nine days.

The administration took months to settle upon ways to pay for the bill; it spent precious weeks fighting unsuccessfully, for a provision to apply fast track to future trade deals. By the time the trade bill arrived at Mr. Hollings's door, he could put off a vote past the end of the session, in effect nullifying fast track.

Even as late as Tuesday, however, the administration could have run around Mr. Hollings by removing two nonessential provisions from its bill, denying the Commerce Committee jurisdiction. But the ad-

ministration was not certain the strategy would work and feared alienating the chairman. With the benefit of hindsight, the White House seems to have erred.

If the trade bill is put off until next year, it might not qualify for fast-track status because the statute expires at the end of the year. That would open up the bill to deal-breaking amendments. The loss would be large. For 50 years, the United States has led its partners through successive rounds of open trade accords, each one giving a powerful boost to the world economy. The Marrakesh accord would add trillions to world production by dismantling barriers to trade and investment.

The administration has possible ways, none good, to get the trade bill back on track. It could pressure Mr. Hollings, but that is likely to fail. It could try a quick maneuver to grab the bill away from the Commerce Committee, but the tactic is legally suspect. The fallback tactic, mentioned by the president, is to keep the Senate in session, at least officially, through elections so that the 45 days elapse and the Senate is forced to vote after elections. This strategy seems feasible, but it would also be ugly: visibly displaying the administration's inability to push high-priority bills through a Democrat-controlled Congress just as voters prepare to cast their ballots.

This has been a brutal week for Mr. Clinton. The Senate majority leader, George Mitchell, buried health care reform, blaming obstructivist Republicans. Now, a fellow Democrat knocks down the administration's second most important initiative, free trade. The administration unwittingly aided and abetted. But Mr. Hollings has single-handedly jeopardized the economic fortunes of the world for some parochial interests.

— THE NEW YORK TIMES.

Plague Need Not Rage

An epidemic of plague has struck India, sending hundreds of thousands of terrified residents fleeing from the industrial city of Surat. It is primarily an outbreak of pneumonic plague, the most virulent, most contagious form of the disease, which is spread by coughing.

But as the panic mounts in India and other countries, it is reassuring to recall that this disease, for all its horrific savagery, should be readily manageable in the modern world. There are potent antibiotics to treat the victims, sanitization measures to reduce rat populations that harbor the lethal bacteria, and pesticides to kill the rats and fleas that spread the disease.

The fight may be difficult in India, where millions of impoverished citizens live jammed in slums with poor sanitation and rudimentary health care. But even there, a vigorous public health campaign should be able to contain the epidemic.

Historically, plague has emerged repeatedly from animal reservoirs in Asia to devastate humanity. In the sixth century A.D., it ravaged the Byzantine Empire, killing perhaps 40 percent of the population of Constantinople. In 14th century Europe, as the infamous Black Death, it killed 20 million people in four years.

Early in this century, it caused 10 million deaths in India alone. By contrast, deaths in the current outbreak are officially measured in scores and suspected cases are put between 1,000 and 2,000.

— THE NEW YORK TIMES.

How bad the epidemic is and how bad it will become, nobody yet knows.

Unfortunately, the initial response in India was sluggish, judging from press reports. Many doctors and other health workers reportedly fled from Surat rather than fight the epidemic. No senior officials from outside the city even paid a visit for six days after the first reported death. Emergency stocks of medicines were slow in arriving. There was no aggressive effort to find and treat plague victims, discourage panicky flight that could spread the disease, fumigate the pests or clean up rodent-attracting garbage.

That neglect has apparently been reflected in recent days as a flood of antibiotics has been poured into Surat, where the crisis may be ebbing. But now the disease is spreading throughout India, with small numbers of suspected cases reported in at least 20 different cities and towns.

The U.S. federal Centers for Disease Control and Prevention is increasing surveillance at America's airports, where it is handing out notices alerting travelers from India to watch for such symptoms as fever, chills, headache, general aches and pains, painful swellings in the groin, armpit or neck, and coughing or difficult breathing. The alert describes the danger to travelers as "extremely small." Fearsome as this disease was in the past, it is no match for modern medicine, aggressively applied.

— THE NEW YORK TIMES.

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Following the Europeans to Dishonor

By William Safire

LONDON — Taking advantage of a weak American president, Britain and France — partners in appeasement in Bosnia — have seized leadership of the Atlantic alliance.

The American idea was to enforce a cease-fire with NATO air power, while lifting the one-sided arms embargo to allow Bosnians to defend themselves against insatiable Serbs. In that way, a balance of power could be achieved on a territorial division recommended by the United Nations and accepted by the Muslims and Croats.

But the British-French notion was to put peace-keeping troops in Bosnia that confirmed the Serbs' gain and restrained further killing until the victims of aggression gave up.

Prodiced by Congress, Mr. Clinton prepared to go to the UN Security Council to lift the embargo. To prevent this, the Brits and French then twisted the arm of Bosnia until it broke. They warned Sarajevo that unless Bosnia told Mr. Clinton to stop, they would pull out their peacekeepers before weapons could be supplied and let Serbian carnage begin just in time for winter.

Not since World War II has the world seen such callous betrayal. Bosnia, fearful of total desertion, was forced to cave in and asked Mr. Clinton to accede to British-French policy. This he did with alacrity. Thus, instead of leading NATO into enforcement of the UN-recommended division of Bosnia, the United States is meekly following its allies down the path of dishonor.

Let's face it: In this test of the will to abandon collective security, the Europeans prevailed. American diplomacy failed.

Tis a famous victory for Prime Ministers John Major and Edouard Balladur, and another ignominious defeat for Bill Clinton. Now let's see what Europeans won: They won the right to defend Europe much more by themselves. With local leadership goes increased local responsibility for its doctrine of assertive appeasement.

NATO exists (a) to stop the threat to its members from Russia, which is temporarily much reduced, and (b) to act as a unified military command to meet threats of aggression elsewhere, which it has just demonstrated it has not the will to do.

Because the United States has a national interest in the defense of Europe, it must not let the trans-Atlantic change in leadership thrust it into isolation. Accordingly, a fair adjustment should be along these lines:

1. Troop strength: Of 161,000 Americans now in the region, half are in Germany; the total is planned to come down to 100,000. That is high for a non-leadership role. The United States should limit its commitment to 50,000, mainly air and sea forces, most in the Mediterranean; the U.S. drawdown should encourage other members of NATO to welcome Poland, which can provide ground troops on its soil and replace U.S. forces in Germany.

2. Command: Saceur, the Supreme Allied Commander in Europe, has always been an American because (a) U.S. troops were a vital component of NATO forces and (b) the United States wanted an American in charge of its theater nuclear weapons. Soon those reasons will no longer apply.

Time for Saceur to be a European. A likely candidate would be the UN's Sir Michael Rose, the British lieutenant general whose permission to NATO aircraft to take out one empty Serbian tank does not quite recall the exploits of Montgomery at El Alamein.

3. Political scope: A Euro-Saceur would open the possibility of an American becoming secretary-general of NATO. If the Europeans desired an American political presence, they might someday draft a Dick Cheney to be a one-man tripwire rather than Willy Claes, the experience-free Belgian socialist bureaucrat just chosen.

Besides strategic superstars Henry Kissinger and Zbigniew Brzezinski, who are the Big Ten thinkers to cope with Europe's era of assertive appeasement? In the United States, Robert Blackwill and Sam Huntington of Harvard; Eliot Cohen of Johns Hopkins; Edward Luttwak and Robert Kagan. In Britain, John Chipman of the Institute of Strategic Studies; in France, Francois Heisbourg and Pierre Lellouche; in Germany, Dierk Zeitz's Christoph Bertram; and in Russia, Sergei Karaganov.

Over you, fellows: what happens when a determinedly impotent consensus wrests leadership from a supine superpower?

The New York Times.

American Special Interests Could Nitpick the GATT Accord to Death

By Hobart Rowen

WASHINGTON — The fight over GATT is getting ugly. As odd alliances including powerful Senate mandarins and the consumer advocate Ralph Nader is doggedly committed to defeating the new trade law — which extends the General Agreement on Tariffs and Trade — by nitpicking it to death. It may just succeed.

The emotions over GATT exploded Wednesday with a pledge by Senator Ernest Hollings, Democrat of South Carolina, to block a vote on the special "fast track" rules for considering trade legislation. Mr. Hollings has the power to bold the GATT legislation in his Commerce Committee, or past Congress's

scheduled Oct. 7 adjournment.

An angry President Bill Clinton told a news conference he would keep the Senate in special session if need be to overcome Mr. Hollings's tactic. GATT-friendly senators are looking for a way to circumvent Mr. Hollings.

It has become increasingly clear that the administration might be frustrated in its effort to get GATT through Congress this year, especially through the Senate, where influential committee chairmen, such as Mr. Hollings and Patrick Leahy, head of the Agriculture, Nutrition and Forestry Committee, conducted a

last-ditch effort to protect special interests they represent from an overall benefit basis, which tips heavily in its favor.

I have admired Mr. Nader's commitment to consumer causes. But he has joined a cabal of protectionists who try to blame far-sighted trade legislation for unemployment in the United States, especially in the manufacturing sector. Respected economic studies show, however, that trade is only one of many forces affecting wages or the level of jobs.

One problem that the Clinton administration has had to overcome is a requirement that Congress "find" money to compensate for any losses in tariff revenues. I am in receipt of a fax-broadcast from Mr. Nader that attacks the administration's GATT financing package as "a joke" full of "accounting tricks."

Does this at least trouble your sense of governmental standards? Mr. Nader asks. It does. But the question of having to "finance" GATT is a joke to begin with.

Because one of the great achievements of the new GATT treaty is to sharply reduce tariffs, the Treasury will initially lose revenue. But the economy will expand as a result of GATT and eventually more than make up those losses. The tariff loss is put at about \$12 billion in the first five years and as much as \$40 billion in the first 10 years, piling amounts in a multitrillion-dollar economy that will be substantially expanded by GATT.

GATT gives the lie to the claim that family planning is the best way to improve women and children's lives. Maternal death rates are still extremely high because there is little decent pregnancy care, and the small improvement in infant mortality is largely due to a childhood immunization drive in the late 1980s and better control of disease.

A comprehensive primary health-care system with voluntary family planning would meet Bangladesh's needs far better than its present population-control program. Instead of praising the Bangladeshi model, the experts should learn from its mistakes.

Unfortunately, that is still true today. Over the last two decades, Bangladesh, encouraged by international development agencies, has embarked on an ill-conceived crusade for

Carrots for Koreans: Alas, the Safest Way

By George Perkovich

CHARLOTTESVILLE, Virginia — Critics of the Clinton administration's North Korea policy denounce it as a kind of "payoff" to that country. They contend that the administration is setting a terrible precedent for future extortions by negotiating incentives for North Korea to abandon plutonium production and join the international community. Such critics fail to understand what it will take to solve the toughest proliferation challenges in the post-Cold War world.

The U.S. objective goes beyond

bringing North Korea into compliance with the Nuclear Nonproliferation Treaty. That treaty allows North Korea (or any other signatory) to produce and reprocess plutonium as long as it verifies, through safeguarding arrangements, that no diversion for weapons has occurred. North Korea's treaty violation does not stem from the acquisition of plutonium but from the undeclared and unauthorized way it proceeded.

Were Iran somehow to obtain

the weapons capability now ascribed to North Korea and then turn around and seek a "deal" to abandon it, the international community would have to weigh the costs and benefits of this option against the alternatives.

The administration's inducement strategy is the only one that the American public and the international community will support economically, militarily and politically at this time.

The likely ineffectiveness and high costs of military options have been widely recognized. Supposed surgical strikes could not reliably destroy the possible North Korean weapon(s), but would trigger war, which the people of America, South Korea and Japan would not support. Sanctions are seen more as a protest and punishment than a decisive tool to denuclearize North Korea.

Current and probably future proliferant states cannot be swayed by appeals to treaty obligations or morality, especially as long as these states face serious security threats. The task, then, is to create new interests for these states to abandon nuclear capability.

Coercion is one way. International leaders should do more to prepare publics for the burdens of forcible nonproliferation where necessary. But coercion may not move regimes whose leaders are personally or culturally unable to retreat, as in North Korea or Iraq. Such leaders must be positively induced or militarily defeated.

In risk-averse democracies, the positive strategy will win most cost-benefit analyses.

The writer is director of the Secure World Program of the W. Alton Jones Foundation. He contributed this to The Washington Post.

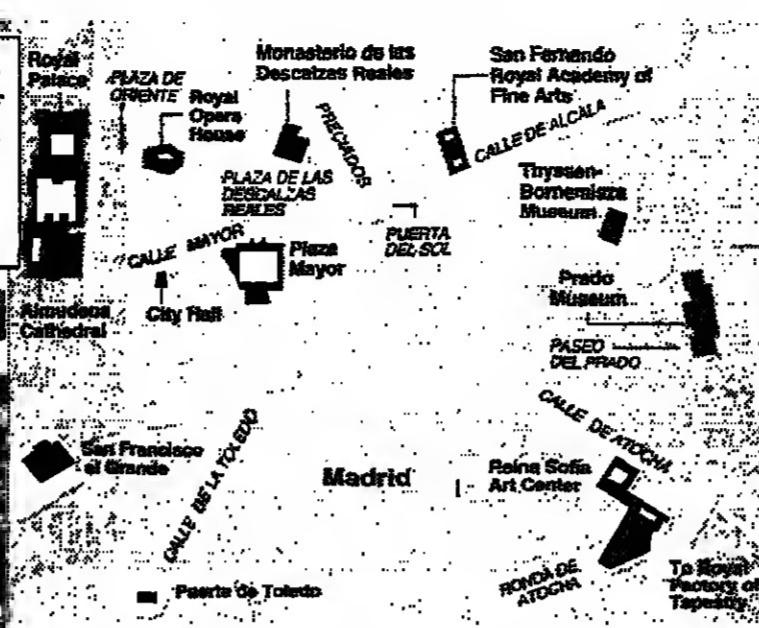
Mr. Nader's complaint is that the financing package worked out by the administration for the first five years is made up largely of gimmicks and "funny money": only \$6.2 billion, he says, is real.

LEISURE

Madrid in the Fall: Visual Arts and the Fine Art of Living



As the summer heat fades, the rhythm of life in the Plaza Mayor accelerates.



Photographs by Luis Devila/Cover for The New York Times; NYT map

By Penelope Casas

MADRID — Whoa a celebrated 19th-century Madrid bandit and bon vivant, Luis Candelas was apprehended and sentenced to public hanging, it is said that his last words were "Be happy, my beloved city." Madrileños have taken his words to heart; with the arrival of fall, the rhythm of life in Spain's capital accelerates to a frenzied pace as residents returned en masse from August vacations.

The fiery summer heat is gone and the weather is generally splendid. Restaurants and shops have reopened, and the narrow streets of Old Madrid and the elegant boulevards are once more bustling. The museums have special exhibits, and cultural and jazz festivals are under way. Young people frequent nightclubs till dawn, while their elders do oot dine until 10 or 11 P.M. — all in a seemingly instinctive effort to stretch enjoyment of each day to its limits.

Spirits are especially high these days. Madrid's stately buildings and monumental plazas have been refurbished and relighted, and the city positively glows. It

has become a shopper's mecca (deluxe malls have sprouted all over), a place of fine eating and a cultural whirlwind, centering on the Golden Triangle formed by the city's three major museums.

The Prado, founded in the last century to house the extensive royal art collection, has always been a highlight for visitors, but the city has received a major cultural boost with the acquisition of one of the world's largest private art collections, given to Spain by Baron Hans Heinrich Thyssen-Bornemisza. The Reina Sofia Art Center, which became a contemporary art museum in 1992, rounds out the artistic offerings with a fine collection of 20th-century art, including Picasso's "Guernica."

Another art attraction is the 18th-century neoclassical San Antonio de la Florida chapel with its Goya frescoes.

The Prado Museum is celebrating its 175th birthday. Besides its dazzling permanent collection, it will feature from Nov. 19 to Jan. 29 the works of Federico Madrazo, a noted 19th-century Spanish artist, on the occasion of the 100th anniversary of his death.

The Reina Sofia Art Center is presenting through Nov. 21 an exhibit of 70

works of the American abstract expressionist Franz Kline, covering 1946 to 1962. If you missed the Salvador Dali exhibit in the United States, "Dali: The Years of His Youth" will be at the Reina Sofia Oct. 18 to Jan. 16 and includes works rarely seen before his death.

The Thyssen-Bornemisza Museum will present "The Golden Age of Dutch Landscape Painting" Oct. 10 to Feb. 12, including works by the 17th-century artists Rembrandt, Salomon and Jacob van Ruysdael, Maerten Hobbema and Van Goyen.

The 11th annual Autumn Festival takes place through Nov. 20. This year it includes contemporary dance, theater and film from the Netherlands and the National Symphony Orchestra from Cuba and ancient and Baroque music as well as contemporary composers. Call (1) 539 00 89. Most tickets are \$16 to \$20.

The jazz festival, Oct. 27 to Dec. 3, will feature performances at the Círculo de Bellas Artes, 2 Marqués de Casa Riera, and Teatro Monumental, 65 Atocha. Call (1) 523 43 46. Tickets: \$16 to \$24.

After being closed for about a year for repairs, the Royal Factory of Tapestry, founded in 1721 by Philip V, has re-

opened. Visitors can watch intricate tapestries being woven and rugs being hand-woven, all made to order for private clients.

ROOMS can sometimes be substantially less expensive who reserved through a travel agent. Many hotels offer weekend discounts (Friday through Sunday) up to 50 percent. All prices are for double occupancy.

Budget: The 67-room Carlos V, 5 Maestro Vitoria; (1) 531 41 00, fax (1) 531 37 61, is a small family-operated hotel next to the pedestrian Preciados Street, where Madrid's two major department stores are situated. It has nicely decorated rooms, a comfortable, tasteful salon and cozy breakfast cook. About \$80.

Luxury: The Palace and Ritz, which face one another across the Neptuno Plaza, are still the grand dames of Madrid hotels, dating from the turn of the century.

The Ritz has 158 rooms and is the more formal and sedate of the two, requiring jackets and ties even when visiting the bar. The Ritz, 5 Plaza de la Lealtad; (1) 521 28 57, fax (1) 532 87 76, generally has rooms

available for about \$375, weekends about \$275.

The Palace has 480 rooms, a more casual ambience, and is popular among local residents, who frequent its bar and choose the hotel for elegant weddings. Its lobby is a never-ending spectacle of well-heeled Spaniards. Posted prices are about \$300 but lower rates can be negotiated. The Palace, 7 Plaza de la Corte; (1) 429 75 51, fax (1) 429 86 55, can be reserved through a travel agent for about \$250, weekdays about \$170.

Across from the Royal Palace on the Plaza de Oriente is the Café de Oriente, 2 Plaza de Oriente; (1) 547 15 64. There are outdoor tables for drinks and snacks, and down-stairs in a long brick barrel-vaulted room, once part of the long-gone San Gil convent, is the elegant Restaurant Café de Oriente. Managed by Luis Lázara, a priest who built a restaurant empire to provide jobs for underprivileged youth, the restaurant is exquisitely decorated in Spanish Victorian style. The menu has a Basque accent and includes small, thin piquillo red peppers stuffed with shrimp, wild mushrooms and spinach, and loin of

hake with clams in green sauce. Dinner is

about \$100. (Restaurant prices are for a three-course meal for two with house wine.)

La Gran Tasca, 24 Santa Engracia; (1) 448 77 79, is open until 4 A.M. to accommodate the film and theater crowd. Best known for its *cocido*, an elaborate chickpea stew that makes a complete and abundant meal for two, La Gran Tasca, a Castilian-style restaurant, also serves excellent fried fish like baby squid and white anchovies as a first course, and tasty *pollo al ajillo* (garlic chicken). Dinner: \$45.

For inexpensive meals in general, tapas are the best bet. The appetizer foods are found in dozens of varieties at hundreds of tapas bars, where you can pick and choose. Bocatito (6 Libertad), an Andalusian-style tapas bar, has an unusually large and attractive variety including crisply fried fish, salads and canapes: two people sharing several portions can easily be satisfied for about \$25 if they do-over-order or choose the higher-priced fish.

Penelope Casas, the author of "Discovering Spain: An Uncommon Guide," wrote this for The New York Times.

THE MOVIE GUIDE

The Shawshank Redemption

Directed by Frank Darabont. U.S.

Although adapted from a Stephen King novella, "The Shawshank Redemption" has more to do with a man's internal demons than the kind that routinely rise up from overgrown graveyards. It's not a typical story from the horror King. Instead, it's an old-fashioned, spiritually uplifting prison drama about two lifers who must break their emotional shackles before they can become free men. The director Frank Darabont is chiefly interested in the 20-year friendship that sustains Andy (Tim Robbins) and Red (Morgan Freeman). The movie opens in 1947 as Andy, a prominent New England banker, is on trial for murdering his wife and her lover. He insists he is innocent, but the jury finds him guilty. Sentenced to life, twice over, Andy is shipped to the maximum-security state prison at Shawshank, Maine. An introverted loner with an interest in reading, Andy doesn't make himself many friends until Red, a 30-year-veteran of the system, decides to take him under his wing. Things begin to change for the better when Andy finds a way to use his skills and education to benefit his fellow felons. It is hope that allows him to survive what may or may not be an unjust imprisonment. And hope is his gift to his friend Red, who no longer

even tries to impress the parole board at his hearings. He's become "institutionalized," he explains to Andy, and would be a "nobody" on the outside.

Red's gift to Andy is salvation when he finally confesses his true sins. Whether or not he pulled the trigger, Andy blames himself for causing his wife's death; his redemption comes as he learns to give of himself over the course of this marvelously acted and directed film.

(Rita Kempley, WP)

Los Peores Años de Nuestra Vida

Directed by Emilio Martínez Lázaro. Spain.

Colonel Kotov is a hero of the revolution, a handsome mustachioed man who lives a life of apparent harmony. Played by Nikita Mikhalkov himself, the colonel is master of the family dacha and beyond, for he has been decorated by Stalin. Everything appears Chekhovian — the dacha, the summer day, the cups of tea, but it is Mikhalkov who makes the tea-cups tremble, who introduces modern ironies to the scene. For the shady Dmitri (Oleg Menshikov) has intruded on this domestic order, seeking revenge for a decade in exile, making a play for Kotov's beautiful wife Maroussia (Yelena Dapkunaitė) and hewitchig daughter Nadia (Nadia Mikhalkov). Mikhalkov, who has also spent years away from home, has returned to his obsession with the theater of nostalgia and treason, adding touches of Fellini to his Russian repertory. The details of the summer day are

pleasurable — the table talk between madcap grandmothers, the music, a lakeside picnic interrupted by Stalinist scouts — but Dmitri's visit reveals the disturbing underside: the old order is dead and the revolution has been betrayed. The director's art buoys up his anti-Stalinist fable, but there are many broad hints, and symbols, a bit too much of everything in fact — tea and sentiment, nostalgia and betrayal — in this cleverly plotted and brilliantly overacted movie.

(Joan Dupont, IHT)

Terminal Velocity

Directed by Deran Sarafian. U.S.

The ads for the new Charlie Sheen movie, "Terminal Velocity," only get it half right: It's not the fall that kills you, it's the jokes. "Terminal Velocity" is the sort of lame-brained, gratingly clichéd live-action Road Runner cartoon that makes falling out of an airplane look like a welcome relief. Sheen plays a cocky sky-diving instructor who is hired for a lesson by a mysterious foreign beauty (Nastassja Kinski). Almost immediately things go wrong, and Sheen finds himself in the middle of a plot to heist a plane-load of Russian gold. The picture moves briskly, but its combination of daredevil stunts, breathless escapes and witty tag lines is so repetitive that it seems to last forever.

(Hal Hinson, WP)

self-censorship involved. And don't forget "country music," the immortal words of Buddy Rich when asked by a doctor if he had any allergies. But there's no tongue in cheek here. On the contrary, you get the impression that all of this is of great importance and the source of much pleasure for Choplin. It's not hype. Rumor has it that some Disney executives did not get the three-cat joke. Choplin is something of an alien in Fairytale.

He has been director general of the Orchestre de Lorraine, and of the Roland Petit ballet company in Marseille. He created "Fêtes Musicales de la Sainte-Baume," an important summer dance festival from the top of Thunder Mountain until Oct. 31, when the current "Far West Festival" concludes. Choplin calls it "Land Art." He wanted to give a "real living Nashville artist a chance to create something."

The festival includes the work of another real live Nashville artist, Ed Clarke, 90. An exhibition is dedicated to his photographs of postwar Paris and his home town. Sixteen Tennessee craftspeople were brought over to weave and carve their wares and sell them. A gaggle of country musicians is performing throughout.

For Choplin, Disneyland, Paris, is a "360-degree outdoor stage." He asked Robert Carson, a young director who staged "Manon" at the Basille Opéra to stage the Wild West show. George Fenton (the score for the film "Gandhi") was asked to compose the music. The Romanian stage designer Petrica Ionesco conceived the floats for the theme park's daily parade. Sculptor Radich Khumoune has designed Mount Rushmore-like hills to represent the release of the film "The Lion King" in November.

Choplin cites Robert Louis Stevenson writing about Monterey, California. "The one common note of the country was the haunting presence of the sea" to illustrate how he would like the customers to leave the park: "When they close their eyes leaving this piece of America in Europe I hope they have the haunting sound of country music in their ears."

One wonders how retaining artistry is possible writing music for corporate meat-grinders like *Die Hard* movies and the Walt Disney Co. There's probably a lot of that to last forever.

He believes that one should not put

culture into categories and that it should be freely exchanged.

Living in New York in the early 1970s, he became friendly with the Judson Church Theatre Company, particularly Trisha Brown who "for me is a certain vision of the Wild West. She dances the wilderness." Returning home, he created his dance festival to which he invited people like the choreographer Merce Cunningham and the composer John Cage. A Japanese trombonist player swore to hit some impossibly high note (Choplin forgets which) while performing a Cage work or commit suicide. It was a sort of bet, a point of honor. He was serious. The other musicians were anxious. Choplin asked Cage if they shouldn't cancel the show. "There isn't that much difference between art and death," Cage replied, enigmatically (quoting, I believe, the despot Tamerlane). The show went on and the trombonist missed his note although he's still alive as far as Choplin knows.

SOMETIMES in what he calls "the middle of the herd" in the theme park, listening to the sounds and music coming from all directions, on his 360-degree stage, Choplin remembers Cage's dream of creating a sound sculpture by assembling several marching bands and miscellaneous smaller groups each playing its own repertoire (he probably got the idea from Charles Ives). "I've played with that concept here," he says. "Nobody knew but me. That was one link with what I did before."

Before, Choplin had defined himself according to Cage's conception of the job, which he translates: "I am the utility for you guys. I'm going to serve you. You're going to be bigger and better because of my utility. I keep my ego out of it." People began to suggest that he take a more direct creative role staging productions of his own. "You have the eyes, the ears and the experience," they said.

When offered this job, he thought: "Disney is a blank page. The story has yet to be written." He was also becoming tired of working in the elite, sophisticated worlds of dance, experimental theater and avant-music. So he said: "Well, why not try to give artists a chance to create beauty for 11 million people instead of 200,000." I decided my ego should be a little bit bigger."

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Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

	Div	Yld	PE	12m S	12m H	12m L	Low Unadj Chg
American							
Amoco							
AT&T							
Audited							
Axon							
Avon							
Bell Atlantic							
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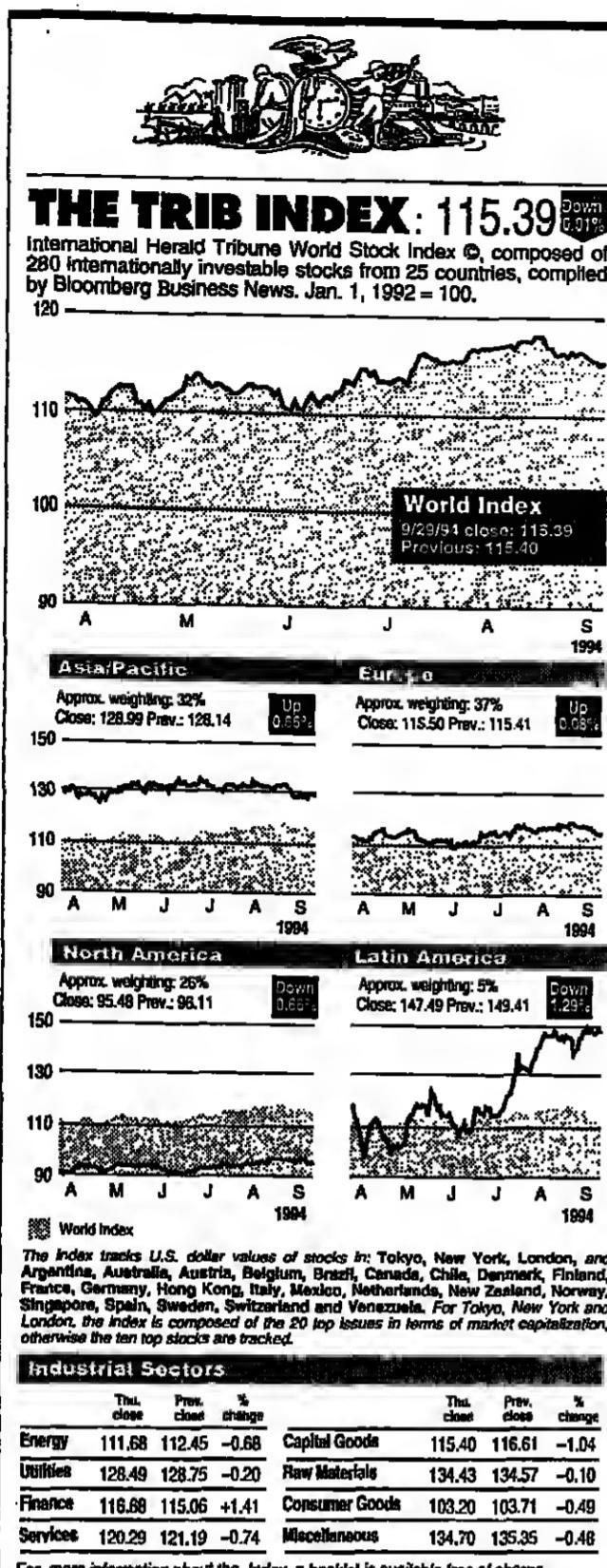
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BUSINESS

International Herald Tribune, Friday, September 30, 1994

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Car Sales Help Fiat Return To Profit

Bloomberg Business News

MILAN — Fiat SpA said Thursday that rising sales and efficiency helped it bounce back to profit in the first half of 1994, signaling a dramatic turnaround for Italy's largest industrial company. Car sales were strong, particularly outside the Italian market.

The company said that it had posted a pretax profit of \$72 billion lire (\$467.8 million) in the first half, compared with a pretax loss of 982 billion lire in the same period a year ago.

The figure exceeds what many analysts had been expecting the company to make for the entire year. Furthermore, Italy's car sales are widely expected to pick up in the second half of 1994.

Fiat had lost 1.78 trillion lire in 1993, its first-ever overall loss and its first operating loss since the 1970s.

This year, operating profit was 792 billion lire in the first half, compared with an operating loss of 476 billion lire a year ago. The company said it had some one-time gains, but it did not provide details.

Fiat said all its main units were in profit at the operating level by the end of June.

Sales in the first half rose 16 percent, to 31.36 trillion lire, and the company predicted that revenue totaled 63 trillion lire for the full year, up from 54.6 trillion lire in 1993.

Fiat said it sold 713,000 cars in Europe in the first half, with its market share staying steady at 11.3 percent. But stripping out Italy, its European market share gained to 5 percent from 4.6 percent, with sales up 22 percent.

Fiat's worldwide sales totaled 1.07 million cars, an increase of 10 percent, with strong gains in Poland, Brazil, Argentina and Turkey.

For more information about the Index, it is available free of charge. Write to Trb Index, 161 Avenue Charles de Gaulle, 9232 Neuilly Cedex, France.

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Women and Bretton Woods

50 Years On, 2 U.S. Officials Signal Shift

By Alan Friedman

International Herald Tribune

MADRID — Ever since they were founded after the end of World War II to help stabilize the world economy, the International Monetary Fund and the World Bank have been decidedly male preserves.

Men have occupied almost all the key posts — despite the growing recognition that in much of the developing world women often play the central role in economic life.

But if the top U.S. officials at these financial institutions have their way, the near-monopoly by men could soon change. The message should become clear as early as this weekend, as delegates gather here for the annual IMF and World Bank meetings.

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comes across in her assessment of the Madrid meeting, which will include lavish celebrations of the 50th anniversary of the founding of the World Bank and IMF at the Bretton Woods conference. "I am dreading Madrid," said the new top American official at the World Bank. "I find it totally impossible to reconcile the kind of opulence of these annual meetings with our fundamental mission as a development organization."

At the IMF, Ms. Lissakers noted that the Bretton Woods institutions were bastions of

Top American aides at the IMF and World Bank are women challenging the status quo.

male supremacy, "like the world of money and economics and finance." She said in an interview that she herself had not felt any discrimination since arriving at the IMF last December. "But," she added quickly, "the fact is that I also happen to represent the largest member of this institution."

The 49-year-old Ms. Lissakers said her experience at the IMF had convinced her "there is an institutional problem, a subconscious discrimination against women that one sees in terms of salaries and promotions." She said there were few women in senior positions at the IMF, and not a single woman director of the important regional divisions.

Ms. Piercy, who in her previous position

See WOMEN, Page 18

IMF Supports Aid to Kiev

International Herald Tribune

MADRID — The International Monetary Fund on Thursday announced its support for a comprehensive economic reform program in Ukraine, paving the way for the former Soviet republic to obtain multilateral Western aid that could total nearly \$4 billion over the next two years.

Micbel Camdessus, the IMF managing director, said an initial loan of \$360 million would be disbursed before the end of 1994 and that "considerably more" funds

would follow as long as Kiev takes the actions it has promised. These include measures to reduce its deficit, reform its labor market, speed up privatizations and battle inflation.

"This has all the potential to be a long-awaited breakthrough in the Ukraine," Mr. Camdessus said. He urged wealthy Western governments participating in the annual meetings of the IMF and World Bank to supplement IMF assistance with substantial government aid.

At the annual Group of

Seven summit last July, leaders agreed that making sure Ukraine succeeded in its transition to a market economy was of economic, political and military importance, not least because the country still has nuclear weapons.

The G-7 countries held out the prospect of \$4 billion of multilateral aid if a reform plan could be worked out with the IMF.

The newly announced \$360 million loan is half of a \$700 million systemic transformational package.

See AID, Page 18

Stocks Slide On Renewed U.S. Rate Fears

Compiled by Our Staff From Dupatches

LONDON — Fears of rising U.S. interest rates and a dire profit forecast by a leading French company combined to depress European stock markets on Thursday.

French, German, British and bourses closed lower, with the pressure spilling over into the Dow Jones industrial average in subsequent U.S. trading.

Alcatel also forecast that full-year profits could be down 40 percent. The company's shares closed at 488.70 French francs, compared with 567.00 francs.

Alcatel's announcement had an effect in Germany, where Siemens ended down 22.20 Deutsche marks (\$14.30), at 632.30 DM, with traders fearing that the bad news from the rival Alcatel boded ill for Siemens results.

As expected, the Bundesbank left its leading interest rates unchanged at its council meeting, and economists said rates were clearly on hold until after October's general election.

"This is a crash-scenario," said Richard Sopp, a sales at brokerage Ballmaier & Schultz Wertpapier AG. "It's topsy-turvy. The foreigners want to cash in ahead of the elections. Who knows what'll happen there?"

While several European exchanges fell on news that U.S. housing sales rose 9.7 percent in August, investors trading on the Milan exchange focused on optimism that the tough 1995 national budget will get through Parliament.

The Italian stock market's Mibtel Index ended down 1 percent, at 10,992.

Leading British stock averages plunged to their lowest levels since July, tracking falling stocks and bonds on Wall Street amid concern the U.S. inflation rate is climbing.

U.S. stocks tumbled as reports of economic growth fueled concern that accelerating inflation

See MARKETS, Page 14

WALL STREET WATCH

Where Fund Money Flows

By Floyd Norris

New York Times Service

NEW YORK — Inflation fears are striking mutual fund investors, who are moving money into gold stock funds while taking it out of bond funds, which have been damaged by rising interest rates.

"Investors are clearly responding to a perceived inflationary environment," said Neal Litvack, an executive vice president of Fidelity Investments. He pointed to a survey of investors, done for Fidelity by the University of Michigan, which showed more than 50 percent of those questioned this month think inflation will turn up in the next six months.

In recent months, that figure had hovered near 20 percent.

At T. Rowe Price Associates, another large mutual fund company, executives reported a surge of interest in its New Era Fund, which invests in natural resources companies and is often viewed as an inflation hedge.

Such trends have helped sustain the inflow of money into stock funds.

At the same time, it appears that the outflow from bond funds, which has been going on since last spring, is increasing amid concerns that the Federal Reserve Board will raise interest rates soon.

Figures released Wednesday by the Investment Company Institute, a mutual-fund trade group, showed that bond funds suffered a net cash outflow of \$2.8 billion in August, and fund executives said the figure has almost certainly risen this month.

Mr. Litvack of Fidelity said that the net inflow of cash into the firm's gold stock fund

in September was the first this year. For the industry as a whole, such funds have seen net inflows since May.

While bond funds now offer much juicier yields than they did when interest rates bottomed last October, investors seem to be focusing more on the principal losses that have come from rising interest rates, which they fear will continue. As bond yields rise with interest rates, bond prices fall.

Bond funds have seen net cash outflows every month since March. Government bond funds have suffered withdrawals in every month since November.

While government bond funds took in a net \$5.9 billion in 1993, they have seen withdrawals of \$13.7 billion in the first eight months of this year.

Total assets of government bond funds fell below \$100 billion in August for the first time since January 1992; they are down 23 percent from the peak reached in July of last year.

Some stock fund managers say the public has lost its appetite for risky funds. Money has moved either toward funds viewed as inflation hedges or toward less-aggressive funds.

A remarkable amount of money has been flowing into stock funds despite the fact that equities have not been performing very well.

The August figure was the best since February, and the fourth-best month ever. So far in 1994, \$93.4 billion has gone into stock funds, leaving them on a pace to break the full-year record of \$127.9 billion set last year.

Much of that strength has come from international funds, which took in \$35.9 billion in the first eight months, just below the 1993 full-year record of \$37.8 billion.

how Toshiba could use the chip. Toshiba said that it planned to use the PowerPC in midrange computers.

The market is moving towards a merging of information and communications systems with visual technologies, and that requires computers offering much higher levels of performance," said Kunika Mizushima, executive vice president of Toshiba. "Toshiba and IBM consider this PowerPC alliance as an important strategic step towards next generation computer development."

But Toshiba, a leading maker of portable computers, said it had no plans to use the PowerPC in personal computers

at the moment. "We believe that the PowerPC will take a significant portion of the PC market," said Mr. Mizushima. "But the market is still developing, so we haven't decided whether we will use it in our PCs."

Although the PowerPC chip has been attractive to computer makers in their high-end servers because of its high performance, demand for use in personal computers has been weak because of a lack of programs.

The PowerPC chip, developed through a joint effort by IBM, Apple Computer Inc. and Motorola Inc., competes directly with Intel's widely used Pentium microprocessor.

Mr. Sullivan said the PowerPC relationship could lead to further cooperation between IBM and Toshiba, noting that cooperation in liquid-crystal displays, flash memories and other business areas had been fruitful.

IBM also has PowerPC agreements with the Japanese companies Hitachi Ltd. and Canon Inc., but this pact was much bigger because of Toshiba's wide range of computer, chip and other related products, industry sources said.

(Reuters, AP)

Hong Kong Exchange Adds Disclosure Rules

Agence France-Presse

HONG KONG — Companies listed in Hong Kong will have to reveal new details of their directors' fees, major customers and property holdings under disclosure rules announced Thursday by the territory's stock exchange.

The rules, which follow two months of consultations, become effective Saturday and will apply to accounts for fiscal years ending on or after Dec. 31, the exchange said.

"The changes will increase the transparency of listed companies and will bring accounts disclosures to a level comparable with Hong Kong's position as a major international financial center," said Herbert Hui,

head of listing.

Chinese state companies whose shares trade in Hong Kong, as well as local firms that are incorporated overseas, will be subject to all the new rules. Mr. Hui said.

Companies are to increase their disclosures about fees and bonuses paid to their directors,

as well as salaries and perks for senior managers, the exchange said.

Details of directors and senior managers themselves, particularly their relationships, also will be required, as well as new information on pension plans and revaluations of properties and other tangible assets.

Major customers and suppli-

ers will have to be named, and annual reports are to include "a discussion of the results for the year," including comment on financial resources and potential acquisitions.

Though not part of the new rules, the exchange is also asking listed companies to announce results early in the day and to many news media.

NASDAQ

Thursday's 4 p.m.
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High Low Stock	Dv	Yld	PE	100s	\$s	High	Low	Last	Chg
AACOM	12		12	12	12	12	12	12	12
ABT	12		12	12	12	12	12	12	12
ABT-BD	12		12	12	12	12	12	12	12
ABT-C	12		12	12	12	12	12	12	12
ABT-D	12		12	12	12	12	12	12	12
ABT-E	12		12	12	12	12	12	12	12
ABT-F	12		12	12	12	12	12	12	12
ABT-G	12		12	12	12	12	12	12	12
ABT-H	12		12	12	12	12	12	12	12
ABT-I	12		12	12	12	12	12	12	12
ABT-J	12		12	12	12	12	12	12	12
ABT-K	12		12	12	12	12	12	12	12
ABT-L	12		12	12	12	12	12	12	12
ABT-M	12		12	12	12	12	12	12	12
ABT-N	12		12	12	12	12	12	12	12
ABT-O	12		12	12	12	12	12	12	12
ABT-P	12		12	12	12	12	12	12	12
ABT-Q	12		12	12	12	12	12	12	12
ABT-R	12		12	12	12	12	12	12	12
ABT-S	12		12	12	12	12	12	12	12
ABT-T	12		12	12	12	12	12	12	12
ABT-U	12		12	12	12	12	12	12	12
ABT-V	12		12	12	12	12	12	12	12
ABT-W	12		12	12	12	12	12	12	12
ABT-X	12		12	12	12	12	12	12	12
ABT-Y	12		12	12	12	12	12	12	12
ABT-Z	12		12	12	12	12	12	12	12
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ABT-J	12		12	12	12	12	12	12	12
ABT-K	12		12	12	12	12	12	12	12
ABT-L	12		12	12	12	12	12	12	12
ABT-M	12		12	12	12	12	12	12	12
ABT-N	12		12	12	12	12	12	12	12
ABT-O	12		12	12	12	12	12	12	12
ABT-P	12		12	12	12	12	12	12	12
ABT-Q	12		12	12	12	12	12	12	12
ABT-R	12		12	12	12	12	12	12	12
ABT-S	12		12	12	12	12	12	12	12
ABT-T	12		12	12	12	12	12	12	12
ABT-U	12		12	12	12	12	12	12	12
ABT-V	12		12	12	12	12	12	12	12

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Sept. 29, 1994

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USAir Halts Dividend, BA's Shareholders Pay

Bloomberg Business News

PARIS — British Airways PLC shares fell 4 percent to a 52-week low Thursday, after USAir Group said it would defer payment on BA's preferred stock investment.

The stock fell to 345 pence (\$5.44), down 15 pence. It has lost about a quarter of its value in the past two months as investors have become increasingly concerned about BA's U.S. partner. USAir has long had financial difficulties, and the crash of one of its 737s on Sept. 9 has not helped. In late New York trading,

Alan Solloway, a spokesman for BA, said that his company had participated in the decision to have USAir defer payments.

"The decision by the USAir board was unanimous. We have

three members on that board. So we were party to that decision," Mr. Solloway said.

The USAir board also has a representatives from Berkshire Hathaway Inc., the holding company controlled by Warren Buffett, a USAir spokesman said. "The decision was made, where a company is losing money, it should not be paying dividends," the spokesman added.

BA had been collecting \$25 million a year in dividend payments on its \$400 million or 24.6 percent stake in USAir.

Although BA has continued to make a strong showing, and has done well in increasing the number of higher-paying business-class and first-class passengers, growing concerns about USAir have pummeled BA's stock recently.

In May, when BA announced pretax profit for 1994 of £301 million, the British carrier said it might be forced to write off its investment in USAir if it could not get its costs under control.

Despite the bad news, analysts were not overly concerned.

"We think the damage is limited," Mike Powell of Natwest Securities said. He noted that even if BA had to lose £16 million a year, assuming dividend payments remained suspended, BA actually gained £70 million in annual revenue through its ties with USAir. The two airlines have a code-sharing arrangement that encourages U.S. passengers flying USAir to use BA for international flights.

Forte Profit Rises 62%

Reuters

LONDON — Forte PLC said Thursday that good results in its restaurant and London hotel operations helped its first-half pretax profit surge by 62 percent.

Profit rose to £60 million (\$95 million), up from £37 million (\$58.4 million).

Forte stock rose 3 pence, to 222 pence, on the London Stock Exchange. The company held its dividend at 2.75 pence.

"The figures were as good as could have been expected, and that's not to damn them with faint praise," one analyst said.

Forte pulled off a dramatic

Crédit Lyonnais Banks on Its Ads

Reuters

PARIS — Crédit Lyonnais launched a huge publicity drive on Thursday, taking out full-page advertisements in 75 French newspapers that mocked its troubles.

"Here are the bad results that everyone was waiting for," ran the headline of one ad, which went on to explain why the state-controlled bank suffered a loss of 4.5 billion French francs (\$853 million) in the first half of 1994.

"The idea is to show our clients that we are talking openly to them and that we are not hiding anything," a spokeswoman said. The ads will run five days and cost about 15 million francs.

Forte said it would extend its offer, which values the whole of Méridien at 1.9 billion francs (\$360 million), to other Méridien shareholders once the deal is approved by the French government.

It has so far refused to say how it will pay.

The company has three options: debt, cash raised through disposals or an equity placing.

Trading System Gives New Look To Dutch Bourse

AFP-Exel News

AMSTERDAM — The Amsterdam Stock Exchange's new stock-trading system, which is to be launched Friday, is expected to increase volume and liquidity, reduce fees and strengthen the bourse's competitive position, brokers said.

Among the changes, the system is to:

- Separate the market into a retail segment for small orders and a wholesale segment for large orders.
- Set thresholds for wholesale trades in the 30 most active stocks.
- Give the wholesale and retail markets their own dealing systems.
- Change the role in the retail market of the marketmaker, to provide a U.S.-style stock specialist service.
- Introduce computerized screen-based dealing for the wholesale market, allowing direct dealing without use of a market maker.
- Make orders visible to all hours members.

Two systems will be operating in the wholesale market: the Amsterdam Stock Exchange Trading system, and the Automatic Interprofessional Dealing system Amsterdam.

Cees Smit of Mees Pierson Holdings NV, which is to be a specialist in Dutch stocks, said the system was aimed at making trading easier. Institutional investors will be able to access several market specialists and get "a very good price," he said.

Bert Metz of Delta Lloyd Bank NV said he expected the new system to be a clear improvement, resulting in increased liquidity and boosting Amsterdam's competitive position.

Bourse members will be able to advertise prices to members and nonmembers on the Amsterdam Stock Exchange Trading screen. The Automatic Interprofessional Dealing system will be a computerized interdealer broker. It will be order-driven, comparable to the German IBIS system, and will mainly be used for active stocks.

The retail segment will operate with one market maker stock. The segment will contain two electronic systems: the limit-order book, in which market makers are required to enter continuous bid and offer prices for the 30 most actively traded stocks, and the old-fashioned open-order book system for other stocks.

Mr. Smit said the new system would enable him to trade directly with other parties in Amsterdam. The system will be less expensive than current trading because fees will be lower, which in turn will boost the volume of trades flowing through Amsterdam, he said.

U.K. to Sell Power-Firm Interests

Reuters

LONDON — The British government is to offer for sale a stake in the privatized power-generating companies National Power and PowerGen that is valued at £3.9 billion (\$6 billion), the companies said Thursday.

They said that the offer of the remaining 40 percent of their shares that are still owned by the government was planned for February 1995.

Investors will be offered a package of shares in both companies, but the shares will be traded separately once sold.

The sale of the first 60 percent raised £2.16 billion in 1991.

The two companies said at least 40 percent of the new offering would be set aside for small investors, who would be able to buy at a lower price than institutions. If demand is strong, the share would be increased.

There will also be two separate international offerings.

The sale is likely to dwarf an expected privatization, expected to amount to £1 billion, of the national Post Office which is likely to take place later next year and a British Rail sell-off that could bring £1.5 billion.

■ Italian Offerings

The Italian government said it intended to sell stakes in the listed Mobilificio Italiano SpA brokerage house; the insurance company Istituto Nazionale delle Assicurazioni SpA; Ente Nazionale per l'Energia Elettrica, an electric utility; and Società Finanziaria Telefonica, the phone company, in the first half of 1995. Bloomberg Business News reported from Rome.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2300	2200	2100
2200	2100	2000
2100	2000	1900
2000	1900	1800
1900	1800	1700
A M J A S 1994	A M J A S 1994	A M J A S 1994
1994	1994	1994
Exchange	Index	Thursday
Amsterdam AEX	Close	Close
Brussels Stock Index	7,189.72	7,187.31
Frankfurt DAX	2,043.58	2,068.11
Frankfurt FAZ	773.97	781.60
Helsinki HEX	1,882.53	1,885.89
London Financial Times 50	2,323.80	2,386.30
London FTSE 100	2,992.50	3,038.70
Madrid General Index	296.50	300.05
Milan MIBTEL	10992	10999
Paris CAC 40	1,881.74	1,904.95
Stockholm Aktiernaarden	1,708.83	1,835.08
Vienna Stock Index	436.97	439.30
Zurich SBS	912.22	923.51

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

• Crédit Financière de Paribas SA, the French investment and real-estate financing company, increased its first-half net profit 13.4 percent to 1.27 billion French francs (\$240 million) from a year ago because of lower provisions and recovery.

• Dresden Bank AG said bidding for around 2.1 million shares in the airline Lufthansa AG, which the German government is selling, is based on 184 Deutsche marks (\$118) a share, the price it closed at Thursday.

• Virgin Group PLC and ICL PLC, the British computer-making unit of Fujitsu Ltd., will jointly market personal-computer products in Europe and the Middle East.

• Volkswagen AG's supervisory board will hold a meeting on Oct. 21. The board is expected to discuss the large losses at its Spanish unit Sociedad Española de Automóviles de Turismo SA.

• Union des Assurances de Paris said it acquired Provincial Insurance PLC of Britain for less than £300 million (\$472 million).

• British Gas PLC, whipsawed by domestic competitive change, said it would more than double international expansion over the next five years.

(AFX, Bloomberg, Reuters)

AID: IMF Supports Funds for Kiev

Continued from Page 13
tion facility, an IMF loan designed for former Soviet republics.

An IMF official said that early in 1995 Ukraine would probably seek and, if it is still progressing with reforms, receive a \$1 billion IMF standby loan, and possibly a \$500 million contingency loan to help it cope with falling exports.

The World Bank, mean-

while, could make available a \$400 million rehabilitation loan plus up to \$300 million of project loans. The European Bank for Reconstruction and Development could provide Ukraine with a further \$300 million.

Aid from Western countries, which is likely to be discussed at a G-7 conference on Ukraine that is scheduled for Oct. 29, could total \$1 billion.

Separately, as thousands of

bankers and government officials began arriving here for the annual IMF and World Bank meetings, the heads of both institutions agreed that changes would be needed to meet the challenges of development in the next century.

— ALAN FRIEDMAN

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WOMEN: High U.S. Officials of IMF and World Bank Challenge the Male Near-Monopoly

Continued from Page 13

helped to appoint Ms. Lisakas, admitted that even in Washington it was not easy to get Karin into the IMF job." The problem, she explained in an interview, was not so much overt discrimination as "the way in which people move in circles of trust."

At the World Bank there are also few women in senior posi-

tions, with the exception of Jessica Einhorn, the bank's treasurer. Ms. Piercy, 46, recalled that she recently mentioned to the World Bank board that all of the 18 commissioners in a special committee to examine the bank's effectiveness were men. "I mentioned that, but there was no pickup. There is great discomfort in looking at the issue of targeting such appointments," she added.

The IMF and World Bank

have commissioned studies that recommend increasing the number of women in senior posts. Ms. Einhorn, while pointing out that her own success at the bank shows there is scope for women to succeed, also noted that "I have always thought that the real judgment on the bank is how women do on the operations side, the lending side, and there has still never been a woman vice president there."

Ms. Piercy, by her own ad-

mission, has wasted no time in using her position to press Lewis T. Preston, the World Bank president, on a number of issues, including the need for more socially responsible lending. "I have pushed very hard for microcredits, loans for productive purposes at the grassroots level, and the program is very close to announcement. It will be discussed at Madrid."

EUROPEAN UPDATE

PLAYER PROFILE



Annika Sorenstam

Home: Phoenix, AZ Years on the WPGA: 1

Victories: 0 Career Money: \$160,837

COMING
IN THE
WEEK
ON
FRIDAY
OCTOBER 21ST

A SPECIAL
SUPPLEMENT
ON
THE 1994
SOLHEIM CUP

SOLHEIM CUP
October 21-23, 1994
USA • EUROPE
The Greenbrier

Sponsored by Kestrel Manufacturing Corporation
Makers of PING Golf Equipment

USA UPDATE

PLAYER PROFILE



Betsy King

Home: Lemont, PA Years on the LPGA Tour: 17

Victories: 29 Career Money: \$4,685,674

The
1994
Solheim Cup™

Standings as of Sept. 16, 1994

- | | |
|------------------|----------------------|
| 1. Betsy King | 6. Beth Daniel |
| 2. Donna Andrews | 7. Brandie Burton |
| 3. Dolle Moehre | 8. Sherri Steinkauer |
| 4. Patty Sheehan | 9. Meg Mallon |
| 5. Tommie Green | 10. Michelle McGinn |



SOLHEIM CUP
October 21-23, 1994
USA • EUROPE
The Greenbrier

The
15th
Oil & Money
Conference will be
held in London on October
17-18. This major international
energy forum will be addressed by
oil ministers from three of the world's
largest producing nations as well as senior oil
industry executives. For further details, please
contact Brenda Friedmann Hagerty in
London on Tel: (44 71) 836 4802
Fax: (44 71) 836 0717

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China Berates Japan for Plan To Limit Exports

Agence France-Presse

BELIJNG—China lashed out at Japan's plan to restrict Chinese textile imports, warning the move would harm trade ties and that Beijing would be forced to retaliate, a report said Thursday.

"If Japan sticks to its guns and comes up with unilateral restrictions on Chinese textile exports, it would only harm bilateral trade," the China Daily quoted an official as saying.

"China will not accept the restrictions and will be obliged to respond," he said, adding that fast-growing textile exports were a major commodity for China to balance its large trade deficit with Japan.

Japan is considering measures to control imports of Chinese textiles that undercut domestic producers.

The Chinese sensitivity over the textile issue, which has previously received little attention, comes amid a clash between the two countries over the upcoming Asian Games.

Diplomats said Japan had

emerged the victor in the squabble over the presence of Taiwanese officials at the games, adding that while the dispute was superficially about sports, it was rooted in the resentments and ambitions harbored by two traditionally rival countries.

"Japan should not return to the pattern of trade skirmishes like it has with the United States," the China Daily report quoted Wei Xiaorong, the country's trade representative in Japan, adding that it should instead engage in "friendly negotiations."

The newspaper attributed the growth of Chinese textile exports to the country's low production costs and Japan's market potential. Many exported textiles are made by Japanese companies operating in China, officials said.

Japan-China trade was worth \$20 billion in the first half of the year, up 32.2 percent over the like period in 1993, and officials forecast that it would total between \$45 billion and \$50 billion for all of 1994. (AFP, AP)

Victim of Its Own Success, Manila Wants to Curb Peso

Agence France-Presse

MANILA—Congress and cabinet members met here Thursday to discuss measures to slow the appreciation of the Philippine peso, which is of major concern to exporters here.

For much of the month the dollar has hovered at a little over 25 Philippine pesos. Last year, the dollar averaged 27.12 pesos, according to the Cielito Habito, the economic planning secretary.

Exporters, who say the strong peso has caused them massive losses, have threatened to mount a strike, keeping some of their dollar earnings abroad to force the peso down.

Mr. Habito said the strength of the local currency was due to increased foreign confidence in the Philippines. "Foreigners are putting their dollars into the economy because they expect it would be doing well in the future."

Mr. Habito said the government's position was to "let the market determine" the exchange rate but added that the rate "should not be overly volatile."

He and other officials said one proposal, which got wide support, was a suggestion to phase out a special foreign-exchange allocation for oil imports. This would force oil companies to buy dollars in the market, increasing the demand for the dollar.

Jose De Venecia, the house speaker, said Parliament was also considering other measures to help exporters in the face of the strong peso, such as easing terms on dollar loans and the creation of an export-import bank.

China Tempts Brewers But Tapping This Market Is Not Easy

Bloomberg Business News

HONG KONG—Making beer for China's 1.2 billion people is a tempting prospect for the world's major breweries. Making a profit will take perseverance.

The market and its possible rewards are plain to see. With sales growing by 20 percent a year, China is already the world's second-largest beer producer, outranked only by the United States.

Since the country's rate of consumption lags far behind that of its Asian neighbors, there is plenty of room for growth.

"Current per capita beer consumption in China at 10 liters is only a quarter of Taiwan's 40-liter figure," said Sonja Jong, an investment analyst at Mees Pierson Securities Ltd. "The Chinese market can realistically quadruple."

Such prospects have already persuaded the makers of name brands such as Heineken, Foster's, Carlsberg, Beck's and Budweiser to find Chinese partners and start developing brewing projects in China.

Local production by more foreign brewers seems inevitable: a 120 percent tariff on beer imports gives domestic brands a big advantage.

Various difficulties have emerged for brewers, ranging from shortages of raw materials, to poor distribution and unfavorable foreign exchange controls.

Analysts say the best foreign performers so far have been the Carlsberg and San Miguel brands in Guangdong, a booming province that borders Hong Kong.

"Beer is a perishable product which poses transportation problems," said Eiji Yamazaki, manager of corporate development at China Strategic Investment Ltd.

China Strategic, which is based in Hong Kong, operates five breweries in China with an aggregate annual capacity of about 500,000 tons, making it the country's largest brewing group, with 3.8 percent of yearly production.

"China's beer industry has always been fragmented because of transportation problems," Ms. Yamazaki said.

Foster's Brewing Group Ltd. of Australia is selling only to certain local markets right now because of distribution concerns.

"As we develop our brand portfolio, we want to distribute to other parts," Peter Williamson, chief executive officer of Foster's Asia, said. "We see ourselves as being there for the long term, building large breweries for the Chinese market."

Unless foreign breweries can start exporting from China, the only way they can generate foreign exchange is to go to the official swap markets with their local currency earnings. These markets have sometimes been plagued by hard currency shortages.

"The incentive is the ultimate belief that one day there will be no exchange controls," Philip Day of Pacific Rim Consulting Group said.

The problem is complicated by the fact that the companies have to pay for imports of malt, hops and barley with hard currency.

The companies clearly need to develop domestic sourcing to keep their foreign exchange costs down, analysts said.

"If you project forward, the demand for raw materials is going to keep growing," Mr. Day said.

Foster's has started to address the problem. "We import some raw materials but find that local bops are fine," Mr. Williamson said.

Pleasing the Chinese palate is also proving hard for some foreign brewers, according to Ms. Yamazaki of China Strategic. "From our experience, the major factor is taste, since Chinese consumers are used to light beers," she said.

"There's nobody with an ale in there," Mr. Day agreed. "By and large, the beer in China is quite light."

Foster's, which has acquired breweries in Shanghai and Guangdong with a combined capacity of about 140,000 tons, does not brew

With sales growing by 20 percent a year, China is already the world's second-largest beer producer.

its own brands in China. For now, the company produces local beers already on the market.

Producing Foster's in China is a long-term aim," Mr. Williamson said.

Beer has essentially been a cottage industry in China, and the arrival of foreign competition is expected to trigger a shakeout, analysts said. There are about 860 breweries nationwide, but most are too small to take advantage of economies of scale and make foreign investment viable.

"Most of the breweries have an annual capacity of less than 50,000 tons," Ms. Yamazaki said. "There are only about 10 to 15 breweries in China with a capacity of 100,000 tons."

Even Tsingtao Brewery Co., which makes China's best-known beer, has captured only a 2.4 percent market share. It will produce between 310,000 and 340,000 tons of beer this year. "And Tsingtao is probably China's best-distributed brand of any product," Mr. Day of Pacific Rim said.

Tsingtao has embarked on a massive expansion program designed to raise output to 2 million tons by 2000, when it aims to have a 10 percent market share.

There has already been one casualty in Shanghai. Ding Shan Brewery was forced to close its doors earlier this year because of fierce competition.

Four of the five remaining breweries in Shanghai are joint ventures with foreign companies, including Dutch brewer Heineken NV and Foster's Brewing of Australia.

"Ultimately, we could see 10 to 15 brewing groups emerge in China," Mr. Day said.

Plantation Seeks to Buy Malaysia's Bumiputra

Agence France-Presse

KUALA LUMPUR—A small, publicly traded plantation company has bid to buy Malaysia's second-largest state-owned commercial bank, spokesman said on Thursday.

Ayer Molek Rubber Co. has submitted an application through the prime minister's department to buy Bank Bumiputra Malaysia Bhd.

The bid for Bumiputra was made known to the Kuala Lumpur stock exchange late Wednesday. It came after two other companies, the Landmarks Bhd. real estate concern and a finance business, Idris Hydraulic, denied reports they bid for the bank.

Twice rescued by the government from collapse after a 1984 loan scandal in Hong Kong, the bank made a turnaround last year with a 45 percent surge in group pretax profit, to 450.1 million ringgit (\$176 million).

Ayer Molek is seeking the Finance Ministry's approval under the local Banking and Financial Institutions Act to buy the bank, which is 99.9 percent government-owned. The banking law requires all prospective buyers of local banks and finance companies to obtain approval from the Finance Ministry before beginning negotiations.

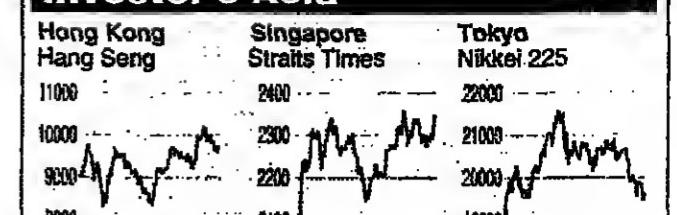
If the deal is approved, bank assets, totaling 29.7 billion ringgit on March 31, would be injected into the plantation company through a reverse takeover, the sources said.

The bank, with a network of 164 branches, has been a traditional lender to members of Prime Minister Mahathir bin Mohamad's United Malays National Organization.

The bank would be a strategic acquisition as any company buying it will directly wield influence over business dealings of the United Malays National Organization, an analyst with a Kuala Lumpur brokerage said.

Set up in 1965 largely to provide aid to indigenous Malays called Bumiputras, the bank was rocked by a scandal in 1984 involving huge loans granted by its Hong Kong subsidiary, Bumiputra Malaysia Finance, to the collapsed Caribbean Property Group.

Investor's Asia



Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong Hang Seng	9,700.21	9,683.49	+0.07	
Singapore Straits Times	2,348.90	2,330.69	+0.78	
Sydney All Ordinaries	2,930.60	2,914.20	+0.51	
Tokyo Nikkei 225	19,615.12	19,507.60	+0.55	
Kuala Lumpur Composita	1,133.68	1,140.68	-0.63	
Bangkok SET	1,482.12	1,493.67	-0.77	
Seoul Composite Stock	1,037.95	1,039.79	-0.18	
Taipei Weighted Price	7,101.13	7,102.10	-0.01	
Manila PSE	2,897.96	2,877.69	+0.70	
Jakarta Stock Index	497.24	502.13	-0.97	
New Zealand NZSE-40	2,072.55	2,068.60	+0.19	
Bombay National Index	2,071.75	2,094.30	-1.08	

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

- Videsh Sanchar Nigam Ltd., India's overseas telecommunications monopoly, is preparing to re-launch its Euroissue next month at a reduced price and issue size, according to banking sources. It withdrew a \$1 billion issue in May.
- China's industrial output is expected to grow by more than 15 percent this year, an official report said Thursday; exports and retail sales should grow by 20 percent each, and investment is expected to grow by 14 percent.
- Japan's industrial output in August rose by 3.8 percent from July, when it had fallen by 1.7 percent.
- The Stock Exchange of Thailand will admit new brokers for the first time in three years starting Jan. 1. The seats will cost 300 million baht (\$12 million).
- NHK, the Japanese national broadcaster, conducted a survey on organized crime; 23 percent of 205 companies said their executives had received threats from mobsters. AFP, AP, Bloomberg, Reuters

Australian Deficit Hits a High

Compiled by Our Staff From Dispatches

SYDNEY—Australia's current-account deficit reached a four-and-a-half-year high in August, data showed Thursday.

Analysts said the gap was a result of surging imports, a sign the economy was growing fast enough to spur inflation. This led to fear of an interest-rate increase by the central bank, which might try to reduce demand.

Meanwhile, a drought in eastern Australia eroded exports. The current-account deficit,

which measures trade in goods and services, rose 18 percent in August, reflecting a 7.1 percent leap in imports, compared with a 2 percent rise in exports. The deficit was the highest since January 1990.

The numbers strengthened calls by economists for curbs on government spending.

The deficit rose to 2.14 billion Australian dollars (\$1.58 billion) in August, after seasonal adjustment, following a 36 percent surge in July, to 1.81 billion. (Reuters, Bloomberg, AFP)

SINGAPORE AIRLINES

ALL AROUND THE WORLD



BOTSWANA



Good news out of Africa comes, surprisingly, from a landlocked, semi-desert area on the once-troubled borders of South Africa. The 1.4 million inhabitants of Botswana can look back on 28 years of independence, which brought stable democracy and strong economic growth (thanks to the discovery of diamonds), and can look forward to a new era of regional cooperation following the birth of a democratic South Africa.



DEMOCRATIC STABILITY BRINGS REWARDS

In the 1980s, Botswana had an average economic growth rate of 10.1 percent, the highest in Africa.

The Republic of Botswana has much to celebrate on September 30, the 28th anniversary of its independence. It is one of the few countries in Africa that has kept a democratically elected government since independence and has remained at peace, both with itself and the world at large.

Botswana never experimented with Marxism and enjoyed an average economic growth rate of 10.1 percent during the 1980s, the highest in Africa. Growth is expected to drop to about half this level during the current decade.

Botswana owes its internal stability partly to the fact that 95 percent of its people belong to one ethnic group, the Basotho. They speak the Tswana language, but English is the official language of the country.

Botswana's independence dates back to the 1880s, when the Basotho chieftain, Khama III, asked Britain to declare the country that was then known as Bechuanaland a British protectorate. The aim was to protect its peoples against the ambitions of Cecil John Rhodes of the Cape Province and Paul Kruger of the Transvaal, and from plundering Boers and other Africans.

The protectorate of Bechuanaland became the independent Botswana in 1966, with Sir Seretse Khama, a descendant of Khama III, as its first president. After his death in 1980, he was succeeded by his vice president, Sir Ketumile Masire, who has remained in office since then. His Botswana Democratic Party was re-elected in 1984 and 1989 and is expected to win the next general election by a smaller but still comfortable margin. Opposition comes from several small parties critical of the ruling party's tight rein on government spending.

Low population density
Covering an area of 588,000 square kilometers (224,711 square miles), Botswana has a population of only 1.4 million, which makes it one of the least densely populated countries in the world. Originally a pastoral economy and one of the poorest in the world, Botswana owes its recent economic growth to the discovery of diamonds after independence and the increasing exploitation of this resource. The slowdown in the economy since 1990 reflects the state of the world market for diamonds. This has added impetus to government programs that encourage the expansion of other sectors of the economy.

The scene has changed this year because of the advent of

the first democratically elected government in South Africa. Botswana always opposed the apartheid ideology, but was economically and, to some extent, politically dominated by its powerful neighbor. Landlocked Botswana has always relied on South African seaports and gets 80 percent of its imports from South Africa.

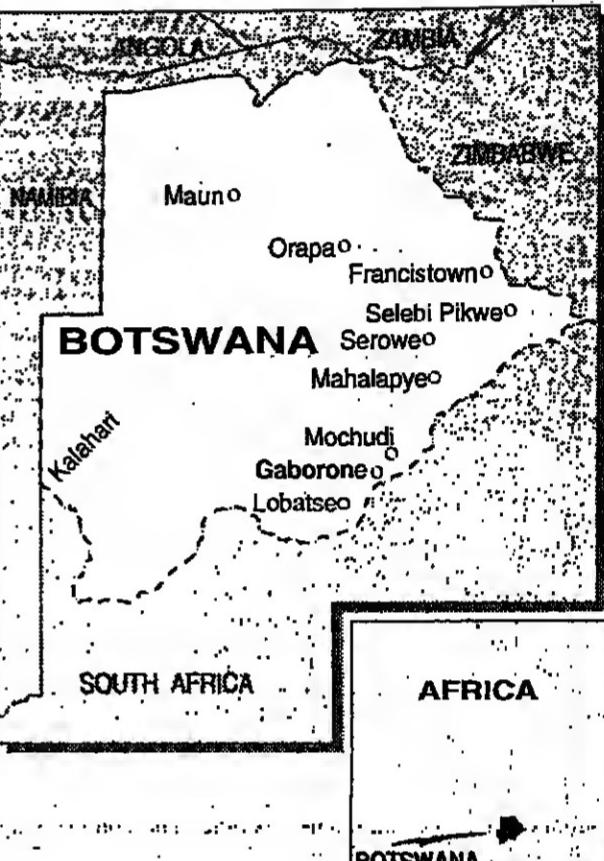
Botswana refused to allow guerrillas to establish bases within its borders for attacks on South Africa, but it did give shelter to political refugees. This attracted raids into Botswana's territory by South African armed forces.

International cooperation

Botswana is a member of the Southern African Development Community, whose headquarters are in Gaborone, capital of Botswana. Founded in 1980 as the South African Development Coordinating Conference, this group of 11 countries — Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe — was dedicated to promoting economic cooperation among members and reducing their economic dependence on South Africa. On Sept. 28, 1994, however, the new democratic South Africa became a member of SADC, thus making it a community of economic cooperation.

The effects of this on Botswana's economy are difficult to predict. Botswana was one of the few countries specifically exempted from applying sanctions to South Africa, which means that trade is not likely to increase significantly. South Africa has long bought beef from Botswana, and Botswana has imported a host of manufactured goods from South Africa. The Botswana government has long been in partnership with South African companies in its biggest industries — diamonds, nickel and copper — and in soda ash.

South Africa's opportunities for doing business with SADC members will be enhanced by the organization, and this could increase competition in markets that a new generation of Botswanan manufacturers is seeking to exploit. Negative effects may be mitigated by the fact that South Africa is keen to promote economic growth in the region, if only to reduce the flow of illegal immigrants from its poorer neighbors. It could assist this process by forming joint ventures between its own companies and those of other SADC members similar to joint ventures that already exist in Botswana. If successful, these would enlarge opportunities for Botswana's manufacturers.



EASIER INVESTMENT

Reform of bureaucratic rules helps businesspeople.

Bureaucratic delays that hampered investment in Botswana are a thing of the past, says Dihaleng Tsheko, director of the Department of Trade and Investment Promotion (TIPA).

"Businessmen were sometimes frustrated by the time it took to get licenses and work and residence permits for expatriates," he says. "The allocation of suitable industrial land also took time. TIPA is working with the Department of Home Affairs and other government departments to eliminate these bottlenecks. It could be that we will open an office that will allocate serviced sites to new investors and also attend to other paperwork required by government."

This is one of the options being considered in the restructuring of TIPA now taking place. The Botswana Development Corp. is conducting an investigation to identify areas of comparative advantage in the economy. When it is completed, TIPA's efforts in promoting investment and trade will become more focused, Mr. Tsheko says.

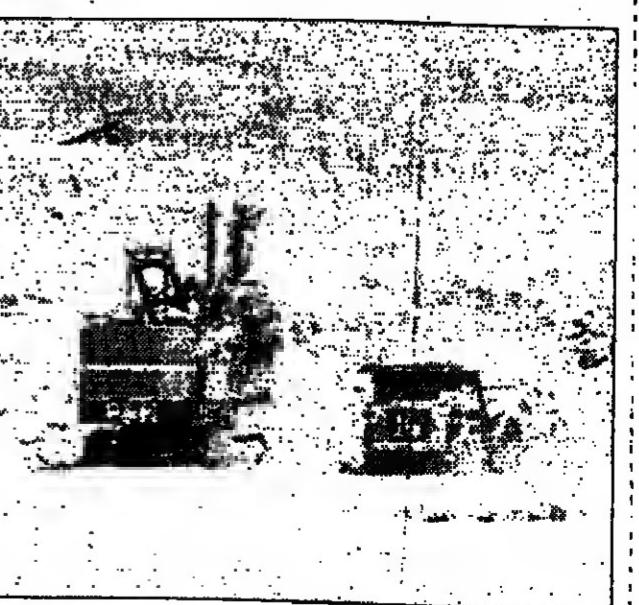
"We export beef and raw hides," he says. "But we could add more value by expanding our processed meat industry and by producing leather garments and leather upholstery. We produce soda ash that others use in the glass and chemicals industry and precious stones that others make jewelry from. These are possible investment opportunities, but we must be confident of finding export markets as our local market is too small."

Tax holidays offered

Among the incentives offered to investors under TIPA's Financial Assistance Policy are tax holidays, labor-training grants, and capital and sales grants. There is also a Local Preference Scheme, whereby local manufacturers supplying the government receive advantages over foreign suppliers.

The effective nominal corporate tax rate was reduced this year from 35 percent to 30 percent, and a progressive liberalization and simplification of exchange controls is taking place.

Botswana acceded to the principles of the General Agreement on Tariffs and Trade in 1993. This provides the country with better access to world markets but also imposes obligations to reduce protection and subsidies for its own industries.



For further information and inquiries on Botswana, please contact the following ministries:

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Gaborone, Botswana

Commerce Dept. of Trade & Investment:
Tel.: (09267) 351-790
Fax: (09267) 305-375
Private Bag 004
Gaborone, Botswana

Finance:
Tel.: (09267) 350-252
Fax: (09267) 356-086
Private Bag 008
Gaborone, Botswana



CATTLE COUNTRY

The people of Botswana:
A Herero woman (top left),
and two youths displaying
their skill at fishing.

Animal life: The sight of an
elephant (top right) is one
of the main attractions of the
game parks, and a statue
(bottom, left)

**celebrates the main
agricultural export.**

The resources: Botswanans
train to sort and value
diamonds (middle of the page),
which come from the ore
hauled from the rich deposits
(bottom, right).

DIAMONDS ARE BOTSWANA'S BEST FRIEND

Gems have transformed the economy, accounting for 80 percent of the country's exports and providing 50 percent of government revenues.

Botswana is the world's biggest producer of gem-quality diamonds, which account for 80 percent of the country's exports and 50 percent of government revenues.

Diamonds are mined by Debswana Diamond Co., a joint venture between the government and De Beers Centenary, in which each holds equal shares.

Diamond production climbed to a high point of nearly 17 million carats in 1990, but fell to 14.7 million carats in 1993. This was mainly due to slackening demand in developed countries and the appearance on the market of smuggled diamonds from

Zaire, Angola and Russia. In 1992, the Central Selling Organization in London, to which Debswana sells all its production, imposed an 18 percent cut in output. This cut has since been reduced to 15 percent. Meanwhile, improvements to the mining plant should increase the group's possible carat production by 12 percent.

Learning new skills
Debswana is the largest single employer outside the government, with a staff complement of nearly 6,000, about 90 percent of whom are members of the Batswana ethnic group.

Debswana owns the

institutions of higher learning.

Reserves of copper nickel
BCL, a company jointly owned in equal parts by the government and the Anglo American Corp., exploits the country's vast reserves of copper nickel ore. This employer of 4,600 is facing difficult trading conditions due to falling nickel and copper prices in 1993. The company is not operating at a profit but capital investment is continuing with the assistance of a loan from the European Union. There are signs of a recovery in commodity prices.

The company runs three training centers that teach technical, managerial and accounting skills. Promising employees are sent abroad to

Botswana government and the South African chemicals group AECL began production in 1992. It can produce large quantities of salt and up to 300,000 tons of soda ash a year, about 80 percent of the requirements of the region. Soda ash is used mainly in the glass, metals and detergents industries. Due to the stagnant South African economy and soft world prices, the plant is underutilized and experiencing cash flow problems.

Botswana has one coal mine, which is operated by Anglo American Corp. The country has more than enough coal to meet its industrial and power generation needs for the future.

SPONSORED SECTION

BOTSWANA

BOTSWANA'S ENORMOUS POTENTIAL FOR EXPANSION

*A stable society, an excellent infrastructure and a sound financial position are seen as creating an environment conducive to private-sector investment.***Sir Ketumile Masire**, president of Botswana, answers questions on the future development of the country.**Botswana is one of Africa's most economically successful and politically stable countries. What is the secret of its success?**

Botswana was able to formulate a development philosophy that was well understood and attracted support from the international community. We have implemented well-designed projects within national development plans. We have managed our economy in a prudent manner, thereby ensuring that mineral revenues were not dissipated but reinvested in productive assets. We have pursued policies that created political stability within a multiparty democracy.

What is the potential for increased investment in Botswana from South Africa and other countries?

Excellent! Botswana is a stable society with excellent infrastructure and a sound financial position. It has good access to the other markets of the region, including the Republic of South Africa. It has a strong balance-of-payments position which permits investors to repatriate their profits and capital whenever they wish. The capital market facilities are improving, and a new Stock Exchange Act has been passed that will provide investors with greater liquidity for their investments. Tax rates are competitive with regional and international rates. The government has placed its highest priority on education and training for the labor force. Conditions are excellent for investors who wish to serve the Southern African market from a base in Botswana.

What are the most promising investment opportunities in Botswana?

Botswana's central location in the region makes it an ideal base for industries and services that serve the region. Light manufacturing, distribution and financial services, and publishing and information services are excellent candidates for location in Botswana. Tourism and travel services are also natural industries that could make use of Botswana's abundant wildlife and game reserves.

The economy is heavily dependent on diamonds. Are there plans for strengthening other sectors of the economy?

Diversification of the economy has been a central theme

of the recent national development plans and is the primary objective of the current plan, NDP 7. It is our policy to allow market forces to identify suitable business opportunities and exploit them. However, we are making a considerable effort to create an environment conducive to private-sector investment. We have maintained a strong fiscal discipline. We have developed an infrastructure of roads, airports, telecommunications, water and power supplies that we believe are of international standards. Most important, we are orienting our education and training system to prepare our young people for the kind of work that a modern economy will offer. We, therefore, believe that both foreign investors and local entre-

"The mining sector has been developed with capital and technical expertise from a number of local and international sources in joint ventures with the government of Botswana."

preneurs can have confidence in locating in Botswana to service the regional market.

Some critics write off Africa as a lost cause. What assurance do potential investors have that Botswana's internal peace and economic growth is likely to continue?

It is now 28 years since we became independent, and during this period we have been known for our peace, stability and trustworthiness. We have reaped great dividends from remaining as such and have learned from events elsewhere in the world that development and prosperity can be assured only when internal peace prevails.

The world economy is at present going through a recession, and some of our projects – like the Sowa and Selebi-Pihe mines – have experienced some difficulties. We are in partnership with international companies in these projects.

The fact that we have not jettisoned our partners during these difficult times should be an assurance to potential investors. You must bear in mind that during these difficult times, we have been ready and willing to inject additional funds into

these projects. We have done this together with our partners because we share the view that medium- to long-term prospects remain good. Our foreign reserves, taxation and liberal exchange regimes, the deregulation of our economy, our geographical centrality within Southern Africa and a highly developed infrastructure should reassure investors of our enormous potential.

Do you foresee more economic cooperation between Botswana and South Africa?

There are opportunities for joint ventures, as indeed has been the case in the past. You will note that the economic sector of mining (diamonds, copper, nickel and, lately, soda ash) has been developed with capital and technical expertise from a number of local and international sources, including South Africa, in mutually beneficial ventures with the government of Botswana. Similarly, a significant number of commercial and industrial businesses of South African origin are operating in Botswana under joint-venture arrangements. We would expect such joint ventures to increase. There is increased scope for collaboration and joint ventures between the parastatal companies of both countries following the democratization of South Africa.

Such links could be in the utility sectors of water, electricity, power and transport (railways, for example), with a view to exploiting economies of scale in production. This collaboration could be even more beneficial if developed at a regional level, including the whole of Southern Africa within the context of SADC. Progress in this regard has already been made in linking power, telecommunications, transport and communications between Botswana and Zambia, Zimbabwe, Namibia and South Africa. We can accelerate this process of regional integration to our mutual benefit.

Does Botswana fear South Africa's economic or political domination of Southern Africa?

No. This was the aim of South Africa during the era of apartheid, which terrorized citizens and destabilized the economies of neighboring countries. The new South Africa is determined to establish mutually beneficial relations with other countries in the region. The recent accession of South Africa to SADC bears testimony to this.



President Masire of Botswana:
"The country's central location makes it an ideal base for industries and services for the Southern African region."

CONTROLS EASED

*Rate of inflation will determine new liberalization.***T**he government of Botswana believes in positive interest rates, a stable financial system, an equitable tax structure and sound fiscal policy.

The authorities have, however, not always been able to maintain positive real interest rates, largely because inflation has for some years averaged between 10 percent and 16 percent. But there are now added incentives because the government has committed itself to liberalization of exchange control. Such a move will greatly enhance Botswana's attractiveness to investors.

The government has announced that it intends to adopt Article 8 of the International Monetary Fund's Articles of Association, which calls for the removal of restrictions on certain international transactions.

The government realizes that it cannot do this unless interest rates exceed the inflation rate; if they do not, capital will flow out of the country in search of better returns as soon as restrictions are lifted.

South Africa, which is the dominant partner in the Southern African Customs Union, to which Botswana belongs, has also signaled its intention to abolish exchange control.

AGRICULTURE – A REALISTIC POLICY

*Beef is the principal agricultural industry.***M**easured in hard currency, agriculture is no longer Botswana's major industry, but it still provides a livelihood for the vast majority of the population.

Many are subsistence farmers, but the government is helping them to develop sustainable commercial farming activities based on sound environmental management. In some circumstances, the government supplies free seed and financial grants for plowing to help them get started on new crops.

Beef is the principal agricultural industry. The

Botswana Meat Commission coordinates the production of beef; operates abattoirs and canning, tanning and by-products plants; and markets beef and beef products abroad.

Sorghum is the country's primary arable crop.

It has been established that climatic and soil conditions do not permit Botswana to produce enough food to feed all its people. The country's agricultural policy thus emphasizes the promotion of viable farming operations and the avoidance of those that require uneconomic subsidies.

*Making the most of difficult conditions: The dry and stony agricultural land is nevertheless able to support herds of cattle (above), and cocoa tins are ingeniously recycled into building materials (below).*

ERIC ROBERTSON/LIVE REPORTER

BOTSWANA'S PROJECTED GROWTH

These two tables show the projected growth between 1990 and 2000 of government revenue and of real GDP per capita.

Year	Total Government Revenues (Pula millions)	Real GDP per capita (Pula)
1990	3741	5707
1991	4069	5855
1992	4614	5776
1993	4758	5707
1994	5041	5897
1995	5713	6017
1996	6366	6163
1997	6880	6259
1998	6886	6256
1999	6771	6271
2000	6280	6280

Sources: Mid-term Review of NDP 7 (draft), National Development Plan 7 and Statistical Bulletin.

THE CHALLENGE OF CHANGE

*New engines for growth are being sought from manufacturing and services to replace revenue from diamonds, which has been falling in recent years.***B**otswana stands at a crossroads. Thanks to the discovery of rich diamond deposits after independence, the country enjoyed uninterrupted economic growth of more than 10 percent a year between 1981 and 1991.

The increase in the production of diamonds by the new mines doubled the per capita income of one of the poorest countries in the world, transforming it from an agriculture-based economy to one in which diamonds account for 80 percent of exports and 50 percent of government revenue.

Expectations high
But diamond production cannot keep growing indefinitely, and population growth is about 3.5 percent a year. Weak demand for diamonds in the early 1990s forced production cutbacks even while new capacity was being made ready to come on stream.

Economic growth since 1992 has been about 2 percent a year, but unemployment has risen from 14 percent to 20 percent.

In a country grown accustomed to noticeable improvements in the standard of living over more than a decade, the government is under pressure to find new ways of satisfying the expectations of its people.

While revenues from diamonds grew, it was easy to spread wealth around by enlarging the civil service and increasing government expenditure on public services.

But as the Ministry of Finance's review of the Seventh National Development Program puts it, "When the diamonds sector grows at less than 3 percent a year, growth of govern-

ment services per capita will stagnate." The review continues: "Botswana needs new engines of growth to replace the diamond revenue and government expenditure... They will probably come from manufacturing and services, but no one can predict exactly which products or services will develop comparative advantages."

Strong reserves built up
The hunt for growth industries is now on. This is no different from what is happening in many other developing countries, but Botswana has advantages enjoyed by few.

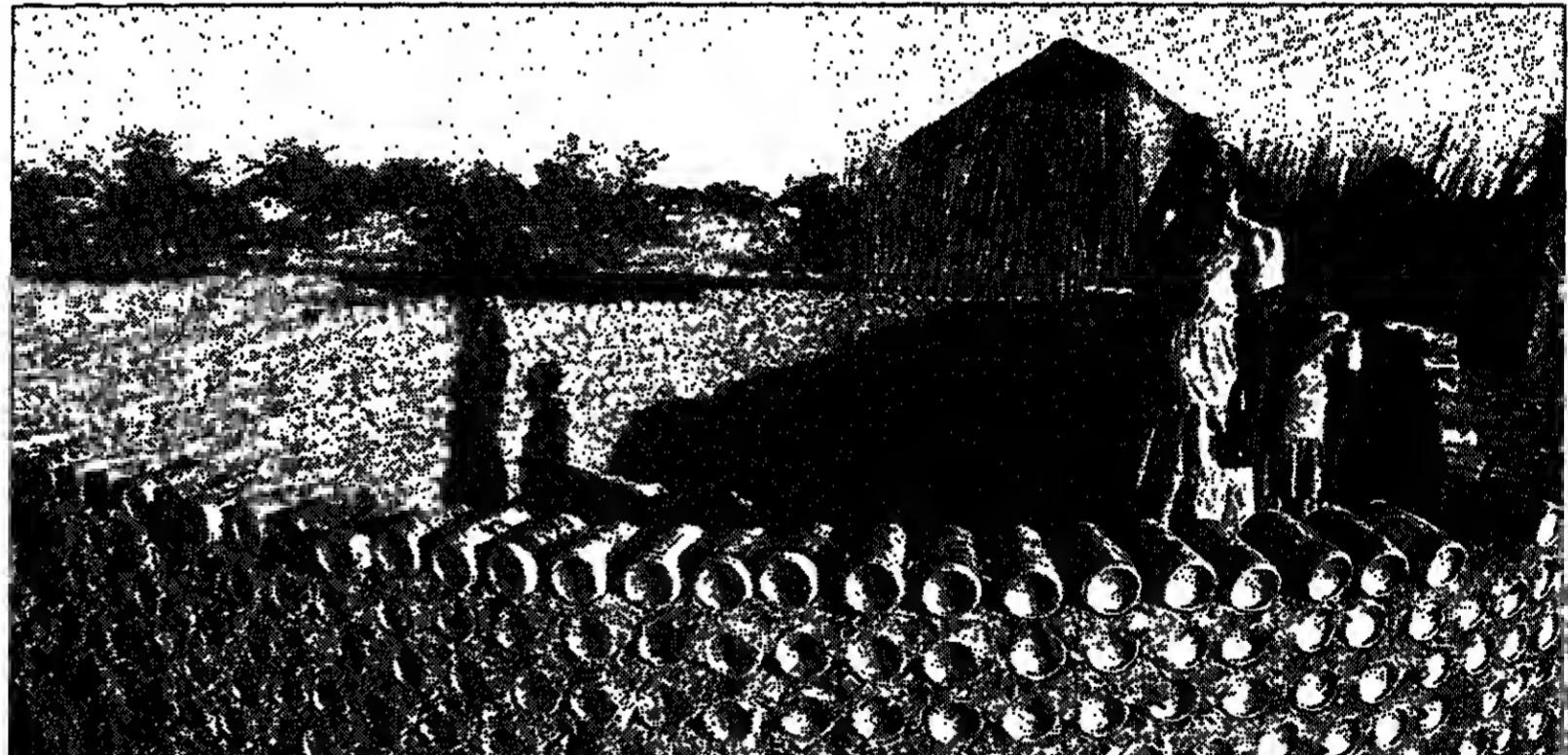
The government has had a surplus on its budget for years. This surplus is expected to turn into a deficit of only 17 million pula (\$6 million) next year. By the year 2000, the deficit is expected to rise to 719 million pula, or 6.4 percent of gross domestic product.

This is a low figure by African standards –

South Africa's budget deficit is currently at that level.

Another strength of Botswana is its foreign exchange reserves, which are sufficient to cover about 20 months of imports. Even by the financial year ending in 1997, reserves are expected to be sufficient to pay for more than 15 months of imports.

Botswana has the gift of some years in which to identify its new engines of economic growth and the means to activate them before there is a danger of the country being overtaken by the poverty that stalks much of the continent.



ERIC ROBERTSON/LIVE REPORTER

"BOTSWANA"
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SPORTS

House Panel Deals A Blow to Baseball Antitrust Exemption

The Associated Press

WASHINGTON — The House Judiciary Committee voted Thursday to eliminate baseball's antitrust exemption if owners unilaterally impose work rules such as a salary cap.

The voice vote marked the first time a congressional committee has taken action against the exemption, which was created by a 1922 U.S. Supreme Court decision.

"I think we want to put this league and the players on notice that the antitrust exemption they enjoyed is on its deathbed," said Representative Mike Synar, and Oklahoma Democrat who is the bill's sponsor. "It's a very narrow, straightforward approach to give players their day in court so we can end this strike."

The measure now goes to the full House for consideration. In order to become law, it would need to pass both the House and the Senate.

The ranking Republican on the committee, Hamilton Fish Jr. of New York, opposed the measure.

"I continue to be concerned about the necessity for taking any action," Fish said. "In my judgment, the Congress should not intervene in an ongoing collective bargaining dispute unless a national security issue is involved."

The fate of the bill is unclear. The congressional leadership has said it hopes to adjourn the session by Oct. 7.

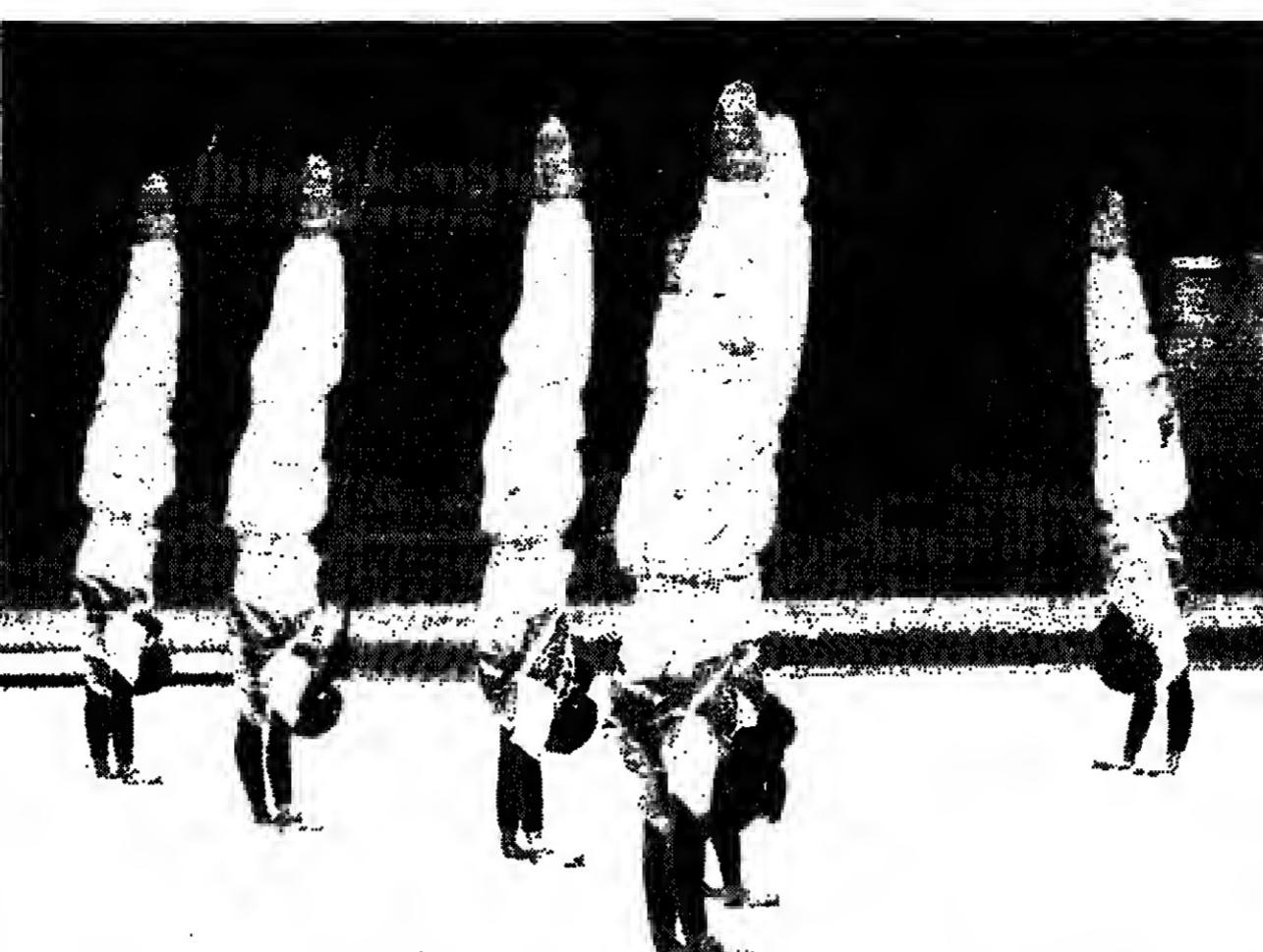
The bill would give baseball players the same legal status as athletes in other sports if owners unilaterally impose work rules.

The bill to partially remove baseball's antitrust exemption had cleared its first hurdle Wednesday, but even then the players' association wouldn't say whether the legislation could bring an end to the strike.

Two key provisions that the union had wanted were deleted before Wednesday's vote. The first eliminated what amounted to an automatic injunction against a salary cap until any lawsuits are decided. The second left it up to the courts to determine whether the union would have to decertify before a suit could be heard — a tactic forced on National Football League players when they sued after their 1987 strike.

Donald Fehr, the head of the players' association, testifying before the subcommittee last week, promised that if the original bill by Synar became law, players would end the strike, which began Aug. 12.

Another House panel, the Education and Labor subcommittee on labor-management relations, began a hearing Thursday on a bill by Representative Pat Williams, Democrat of Montana, that would impose binding arbitration if players and owners don't come to an agreement by Feb. 1. The arbitrator would select the final offer of one side.



Michel Porro/Agence France-Presse

Chinese women gymnasts during team practice for the Asian Games, which are to begin Sunday in Hiroshima, Japan.

Asian Games Athletes Sidetracked by Typhoon

Compiled by Our Staff From Dispatches

KAGOSHIMA, Japan — Hong Kong's last trip to the Asian Games as a British colony got off to a rocky start Thursday when a planeload of athletes was unable to land in Hiroshima because of a typhoon.

About 50 members of Hoog Kong's 164-member team were spending the night in Kagoshima because powerful winds buffeting their plane had made it unsafe to land in Hiroshima.

Hiroshima is not in the typhoon's direct path, and the rain associated with it was good news for the games. The rain

filled courses for the canoeing and rowing events, guaranteeing that they would go ahead.

But the winds could further affect the schedules of flights bringing in athletes and major guests, including Juan Antonio Samaranch, head of the International Olympic Committee.

"We are very much concerned," said Takayoshi Fukushima, secretary-general of the games.

The unscheduled diversion did not mean a break in training schedules for the Hong Kong athletes, Bill Sweetenham, Hong Kong's swimming coach, ordered his squad to be up at 6

A.M. Friday for training before taking a plane to Hiroshima later in the morning.

He said his swimmers had broken 11 Hong Kong records in the last three days, including a 56.66-second record Thursday by 17-year-old Robyn Lamsam in the 100-meter freestyle.

Sweetenham, like many coaches, sees China as the biggest challenge. He said the Chinese athletes had better discipline and financing than most competitors, though he asserted that some of their swimming records were drug-assisted.

"Even blind Freddie on the

hotel corner could tell you that all things aren't as they should be in mainland China," he said.

China says it cooperates fully with the international drug-control regimen.

A. de O. Sales, president of Hong Kong's Olympic Committee, said he didn't expect much change in the way Hong Kong takes part in international events in 1997 except that medal winners would no longer hear the British national anthem on the medal stand.

"Hoog Kong doesn't have an anthem," he said. "We'll have to compose one."

(AP, Reuters)

Ex-QB Ward Signs With Knicks

By Clifton Brown
New York Times Service

NEW YORK — Charlie Ward, a rookie point guard the Knicks feel has significant potential, signed a five-year, \$4.6 million contract and will report to training camp next week.

Ward will earn \$575,000 this season, the salary slot vacated by Bo Kimble.

Ward was the Heisman Trophy winner as the quarterback for Florida State's football team last season, but he was also an outstanding basketball player for the Seminoles, averaging 10.5 points and 4.9 assists as a senior.

Bypassed in the National Football League draft this spring despite leading the Seminoles to the national championship, Ward has decided to defer his professional career strictly to basketball. He has already shown some of his potential. He was named the most valuable player during the Doral Arrowwood Summer League, averaging 12.8 points and 6.8 assists for the Knicks.

While Ward may not get significant minutes as a rookie, the Knicks indicate he has the potential to be their point guard of the future. Ward, 6 feet, 2 inches (188 centimeters) tall, has excellent quickness and was a better shooter during the summer than the Knicks had expected. But as a rookie, playing time will be hard to come by.

Ward will join Derek Harper, the incumbent starter. Doc Rivers and Greg Anthony at the Knicks' crowded point guard position. It is unlikely New York will open the season with four point guards. Harper won the starting job last season with his strong finish. The likely scenario is that Ward will be developed slowly as the No. 3 point guard, leaving either Anthony or Rivers to be traded.

SCOREBOARD

Japanese Leagues

	W	L	T	Pct.	GB
Yomiuri	66	59	0	.528	—
Chunichi	66	59	0	.528	—
Hiroshima	65	63	0	.508	2½
Yokohama	61	65	0	.464	5½
Hanshin	61	64	0	.490	6
Yukfut	59	65	0	.472	7

Thursday's Results

Yokohama & Hanshin 7, 13 Indians

Yomiuri vs. Chunichi, pdt., r/rn

Kintetsu vs. Hiroshima 4

Seibu vs. Chunichi, pdt., r/rn

Pacific League

Central League

OB

Setub

Kintetsu

Dai

Ori

Lu

Nippon Ham

73 50 2 .500

48 55 2 .552

57 1 .540

66 57 2 .538

22 57 2 .423

44 78 5 .361

2½

7-30

FIRST TEST

Australia vs. Pakistan

Thursday, in Karachi

Pakistan 1st innings: 209-7

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OBSERVER

Doom Looms on Radio

By Russell Baker

NEW YORK — If you tend toward suicide, listening to talk radio is even more dangerous than reading newspapers. Apparently it's all over for the good old United States.

The country's dead broke. In spite of the fact that everybody's so poor that the national diet is based on commercial mush, we're still being taxed to death.

Haven't been a war of any quality whatever since George Bush left Washington.

It's this Jimmy Carter you can thank for that. Every time we get up to the edge of a half-way decent war, this Jimmy Carter sticks his nose in and it's "Goodbye, bloodshed!"

Jimmy Carter won't do.

Who's scared of us anymore? Nobody, that's who.

The only surviving superpower left on this earth, and nobody even trembles when we say, "Sit up straight and mind your manners."

Call a superpower? Hah! What's this country coming to?

We've been taxed and spent into bankruptcy by the liberals. They're still following the philosophy of that guy Whatchamacallum who said, "Tax and tax, spend and spend, elect and elect until America is destroyed and destroyed."

When a country lets people like Jimmy Carter and the liberals call the tune, what do you expect? No wonder we're the laughingstock of the world.

Jimmy Carter and the liberals just won't do.

Hillary Clinton won't do either.

Pardon me, Clyde, make that Hillary RODHAM Clinton.

George Washington didn't let Martha take over the White House. George Washington didn't let Jimmy Carter stick his nose into the whisky rebellion and settle it with a shameful compromise, did he?

You don't see Hillary taking

that Ira Magaziner up to the Congress and asking them to do something for the baseball fans for a change, and you know why?

The fans aren't feminist enough for Hillary Clinton.

If something isn't done to stop this feminism before it's too late, this country's going to see Jimmy Carter sending his wife Rosalynn out to do the job next time he wants to stop America from doing the manly thing to these two-bit dictators.

Feminism is at the root of our nation's catastrophe. Along with liberalism and taxes and Jimmy Carter and greedy baseball players. Did I mention the public school system and all that leaning over backward to appease nutty demands for diversity and multiculturalism? Did I mention Lani Guiney's Justice Department, or is it Janet Reno's?

Sweet, merciful divinity, forgive me. I almost forgot the media. You know as well as I know who did it. The media did it.

They're always trying to make a joke of it, always saying,

No, no, the media didn't do it, the butler did it."

And what about these comets spinning around the universe?

One of them's got Earth's name

on it right now and is probably barreling down on us at 75 mil-

lion miles an hour, and Bill Clinton not doing a thing about it.

Probably because Hillary hasn't told him to.

When that comet hits, let's hope it scores a bull's-eye on Capitol Hill, and not just a surgical strike either. The whole Congress needs a good obliterating,

as well as the Supreme Court, not to mention the State Department and the Patent Office.

There's no use going on. Ev-

erything is ruined. It's all over.

Life just won't do. Love your show, Clyde.

New York Times Service



"Monty Python" in its heyday: from left, Michael Palin, Graham Chapman, John Cleese, Eric Idle and Terry Jones.

25 Years On, Something Completely Different

By William E. Schmidt

New York Times Service

LONDON — The show wasn't always going to be called "Monty Python's Flying Circus." An early working title was "Owl-Stretching Time." Then, briefly, "The Year of the Stoat" and "The Venus de Milo Panic Show," before someone hit on the idea of "Gwen Dibley's Flying Circus."

Naturally it made no sense, but it was only a short step from there to television history. "There was really no reason why we did anything the way we did," explained Michael Palin, the actor and writer who was one of the six creators of "Monty Python." "But of course, there was a reason why we did things for no reason at all."

Sunday will be the 25th anniversary of the British broadcast debut of "Monty Python," and from Los Angeles to London, fans have been gathering to celebrate the series.

Over three and a half years beginning in 1969, Palin and the other five members of the Python cast produced 45 half-hour episodes, an idiosyncratic and sometimes anarchic blend of surreal animated graphics and absurd sketch comedy. Such as a takeoff on a television quiz show, in which Mao, Lenin, Che Guevara and Karl Marx appear as contestants eagerly competing to answer arcane questions about English League soccer. Or the would-be theatrical producer who speaks only in anagrams but is determined to

stage his own version of "Hamlet," or, as he puts it, "Thamle." ("Be of orbot neot, tath is the nestque.")

George Perry, the author of "The Life of Python," published in Britain this month by Pavilion Books, said the series had left a lasting imprint on both film and television comedy, on both sides of the Atlantic. "Python" was the template for "Saturday Night Live" and a direct influence on the comic styles of scores of performers, including Dan Aykroyd, John Goodman and Steve Martin.

"They was that they broke all the rules," Perry said. "They did skits without punch lines, letting one comic sketch flow into another without a segue. They interrupted themselves. They created a sense of the unexpected. Combined with the brilliant, sometimes grotesque graphics by Terry Gilliam, it was anarchic and completely innovative."

It is a measure of their penetration into the popular culture that the adjective Pythonesque has had a place in the Oxford English Dictionary since 1975, defined as "pertaining to, or characteristic of Monty Python's Flying Circus."

After the television series ended in 1974, the six collaborated on three feature films, including "Monty Python and the Holy Grail," before going their separate ways.

Graham Chapman died in 1989; the surviving Pythons have endured, singly and sometimes in collaboration. Their efforts have been underwritten in part by their own farsighted decision, years ago,

to lock up nearly all of the long-term license and franchise rights to their Python work.

Palin continues to appear in films — he starred with John Cleese in Cleese's 1988 comedy, "A Fish Called Wanda" — and was the writer and narrator of two successful television travel documentaries ("Around the World in 80 Days" and "Pole to Pole") and continues to write both for films and stage.

Cleese, who is best known for "Fawlty Towers," and has become a familiar presence in television commercials, just finished writing a sequel to "Wanda" and playing a role in Kenneth Branagh's remake of "Frankenstein."

Terry Jones, most familiar to Python fans as the balding organist, has written and produced a four-part series on the Crusades for the BBC, and Eric Idle has been involved in two recent film comedies: "Nuns on the Run" and "Splitting Hairs."

Gilliam has gone on to success as a film director, with credits including the 1983 cult hit "Brazil" and "The Fisher King," with Robin Williams, in 1991.

With the exception of Gilliam, who is American, the Pythons were all middle-class products of Oxford and Cambridge in the 1960s, young men, as Palin said, keen to "cock a snook at the world."

Now, three decades later, Perry says, there is considerable irony that the Pythons are now undoubtedly a British institution and have become part of the fabric of that monumental edifice they had such fun trying to demolish."

PEOPLE

Bowie Buys Painting Veted by War Museum

Rock star David Bowie has bought a controversial painting of a rape scene by Britain's official Bosnian war artist, Peter Howson, after it was rejected by London's Imperial War Museum. The museum did keep six of Howson's paintings after a recent exhibition of his work. "I thought it was probably the most evocative and devastating painting of the collection," Bowie said.

It was a classy garage sale and after about 20,000 family heirlooms were auctioned off by Sotheby's, the Corsini, one of Italy's oldest noble families, were \$4 million richer. "We are delighted," said Princess Giovanna Corsini. The family held the sale at their palace in Florence, and the money will help pay for restoration work there.

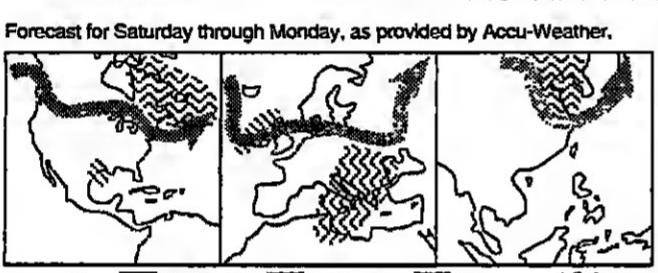
Woody Allen's appeal of a ruling awarding custody of his children to Mia Farrow was rejected by New York state's high court because the matter is not final. Allen's lawyer, E.M. Abramowitz, said that is because the lower court ordered that Allen pay Farrow's legal fees and the fees have not yet been set. Once they have been set, the appeal will be refiled.

Martin Ciccone, 37, Madonna's brother, can't come up with \$2,500 for bail, so he has been in jail in Michigan on drunk-driving charges since July 9. Madonna had no comment.

Lord Justice Brown's shot was unorthodox but not illegal, at least that's what the club secretary at the Woking Golf Club in southern England ruled. The judge climbed a ladder to play a golf shot from the roof of the clubhouse. The Daily Telegraph reported. He then punted it over the 12-foot drop to the green within feet of the hole.

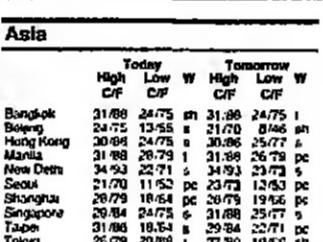
WEATHER

Europe



Forecast for Saturday through Monday, as provided by Accu-Weather.

Asia



Asia

Cool, damp weather has come to New England and will continue through this weekend. Heavy rains along the Gulf Coast Saturday will spread northward through the Midwest. A cold front will bring Valley Sunday. Denver to Salt Lake City will have scattered showers this weekend. Manila will be warm with a few afternoon showers.

North America

Cool, damp weather has come to New England and will continue through this weekend. Heavy rains along the Gulf Coast Saturday will spread northward through the Midwest. A cold front will bring Valley Sunday. Denver to Salt Lake City will have scattered showers this weekend. Manila will be warm with a few afternoon showers.

Africa

Chilly autumn weather will plunge across the continent this weekend. Heavy rains along the Gulf Coast Saturday will cool temperatures Monday.

North America

In the wake of Typhoon Orchid, Japan will have scattered showers this weekend. Campden London Monday. Tokyo to Alberta and Istanbul will have sunny, very warm weather this weekend.

North America

Scattered showers this weekend. Manila will be warm with a few afternoon showers.

Middle East

Scattered showers this weekend. Manila will be warm with a few afternoon showers.

Latin America

Scattered showers this weekend. Manila will be warm with a few afternoon showers.

Legend: -heavy, pc-partially cloudy, cloudy, sh-thundershower, t-tintinnostorms, s-snow, fl-flurries, en-en, l-wind. All maps, forecasts and data provided by Accu-Weather, Inc. 1994

THIS WEEKEND AT THE BEACH

SATURDAY

Europe and Middle East

Location

Weather

High Temp., C/F

Low Temp., C/F

Wind, mph

Water, cm/m

Wave Height, m

Wind, mph

Swell, cm/m

Wind, mph

Clouds

Satellite

Comments

Europe and Middle East

Location

Weather

High Temp., C/F

Low Temp., C/F

Wind, mph

Water, cm/m

Wave Height, m

Wind, mph

Swell, cm/m

Wind, mph

Clouds

Satellite

Comments

SUNDAY

Location

Weather

High Temp., C/F

Low Temp., C/F

Wind, mph

Water, cm/m

Wave Height, m

Wind, mph

Swell, cm/m

Wind, mph

Clouds

Satellite

Comments

All forecasts and data provided by Accu-Weather, Inc. 1994

Legend: -heavy, pc-partially cloudy, cloudy, sh-thundershower, t-tintinnostorms, s-snow, fl-flurries, en-en, l-wind. All maps, forecasts and data provided by Accu-Weather, Inc. 1994

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